

ALASKA LEGISLATURE

1702

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

AHFC Weatherized Homes for Each Program Year

City	Before '80	'80-'84	'85-'89	'90	'91	'92	'93	'94	'95	'96	'97	Total
Teller			19									19
Tenakee Springs		53										53
Tetlin	10	17	18									45
Thorne Bay		25	9	22	13				1	1		71
Togiak		65	1		23			1				90
Tok	7	33	55	4					14	8		121
Toksook Bay		57										57
Trapper Creek	9	30	18	4								61
Tuluksak										1		1
Intutuliak			53	2		1						56
Tununak		51										51
Twin Hills										9		9
Two Rivers		3	2						2	3		10
Tyonek	22	21	30									73
Unalakleet		33	99	1								133
Unalaska		80	26									106
Upper Kalskag		17										17
Valdez		4	20	1		2	1	3	1	4		36
Venetie			53							11	11	75
Wainwright		6	54									60
Wales	8	21										29
Ward Cove	1	7	1									9
Wasilla	30	82	343	47	42	58	44	34	52	47	2	781
Whale Pass			3		10							13
White Mountain			36									36
Willow	9	26	88	5	8	4	5	2	8	9		164
Wrangell	2	139	99						37	18		295
Yakutat	14	40	1									55
Total Homes:	1,504	6,968	10,744	577	1,329	1,319	1,125	1,291	1,439	1,222	124	27,642

Projection with Gov. Knowles' FY99 Initiatives and January Oil Price Forecast for FY99

General Fund Budget Projections	Fiscal Year				
	1998	1999	2000	2001	2002
All dollars in millions except oil prices.					
Average Oil Price (\$/bbl.)	\$16.48	\$17.28	\$18.34	\$18.93	\$19.50
Oil Production (MMbbl/day)	1.32	1.31	1.36	1.35	1.33
Assuming \$15/bbl. for rest of FY98		January Update	Fall Revenue Sources Book		
Available Revenues: Department of Revenue					
1 General Fund Net Disposable Unrestricted Revenue	2,004.4	1,901.0	1,962.6	1,965.7	1,946.4
2 Constitutional Budget Reserve Fund (CBRF) Earnings (requires 3/4 vote of legislature)	285.0	237.4	237.7	239.5	232.8
3 General Fund Surplus Carryforward and ILTF	75.0				
4 Total General Fund Revenues and CBRF Earnings	2,364.4	2,138.4	2,200.3	2,205.2	2,179.2
Expenditures: Office of Management and Budget 1/06					
5 Operating - Agency budgets including supplementals.	1,099.2	1,129.0	1,129.0	1,129.0	1,129.0
6 K-12 Education (FY 99 with Gov's. Quality Education initiative, then with enrollment @ 1.5% plus 1% statutory increase)	670.1	710.3	728.1	746.3	764.9
7 Other Formula - Longevity Bonus, Medicaid, Temporary Assistance to Needy Families, Power Cost Equalization, etc. After FY99, growth at 0.5%.	413.6	389.1	391.0	393.0	395.0
8 Existing General Obligation Debt	5.9	3.0	2.4		
9 Existing School Debt Reimbursement (Schools backlog funded entirely with tobacco tax revenues.)	56.1	44.8	54.7	42.7	31.0
10 Existing Lease Financing	10.3	16.3	16.5	16.7	16.2
11 Capital Budget	91.7	92.3	92.3	92.3	92.3
12 Loans and Fund Transfers	22.3	22.2	17.3	17.3	17.3
13 Total General Fund Expenditures	2,369.2	2,407.0	2,431.3	2,437.3	2,445.7
14 (Projected Draw on CBRF Principal)/Earnings Surplus	(4.8)	(268.6)	(231.0)	(232.1)	(266.5)
Constitutional Budget Reserve Fund	1998	1999	2000	2001	2002
15 CBRF Balance - at Start of Fiscal Year	3,171.7	3,180.5	3,185.1	3,227.3	3,233.4
16 Income at 7.16% (Jan. Department of Revenue Cash Flow Update)	285.0	237.4	237.7	239.5	232.8
17 Oil & Gas Tax Dispute Resolutions	10.4	270.0	270.0	235.0	35.0
18 Miscellaneous Transfers	3.2	3.2	3.2	3.2	(0.5)
19 Draw from Income for Annual Budget	(285.0)	(237.4)	(237.7)	(239.5)	(232.8)
20 Draw from Principal for Annual Budget	(4.8)	(268.6)	(231.0)	(232.1)	(266.5)
21 CBRF Balance - at End of Fiscal Year	3,180.5	3,185.1	3,227.3	3,233.4	3,001.4
Permanent Fund	1998	1999	2000	2001	2002
22 Earnings Reserve Account - at End of FY	377	357	331	372	509
23 Permanent Fund Balance - at End of FY (market)	23,387	24,651	25,991	27,486	29,161

Office of Management and Budget, 1/27/98

DRAFT

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\$338 Million of Inflation and Population Increases Absorbed Since FY95

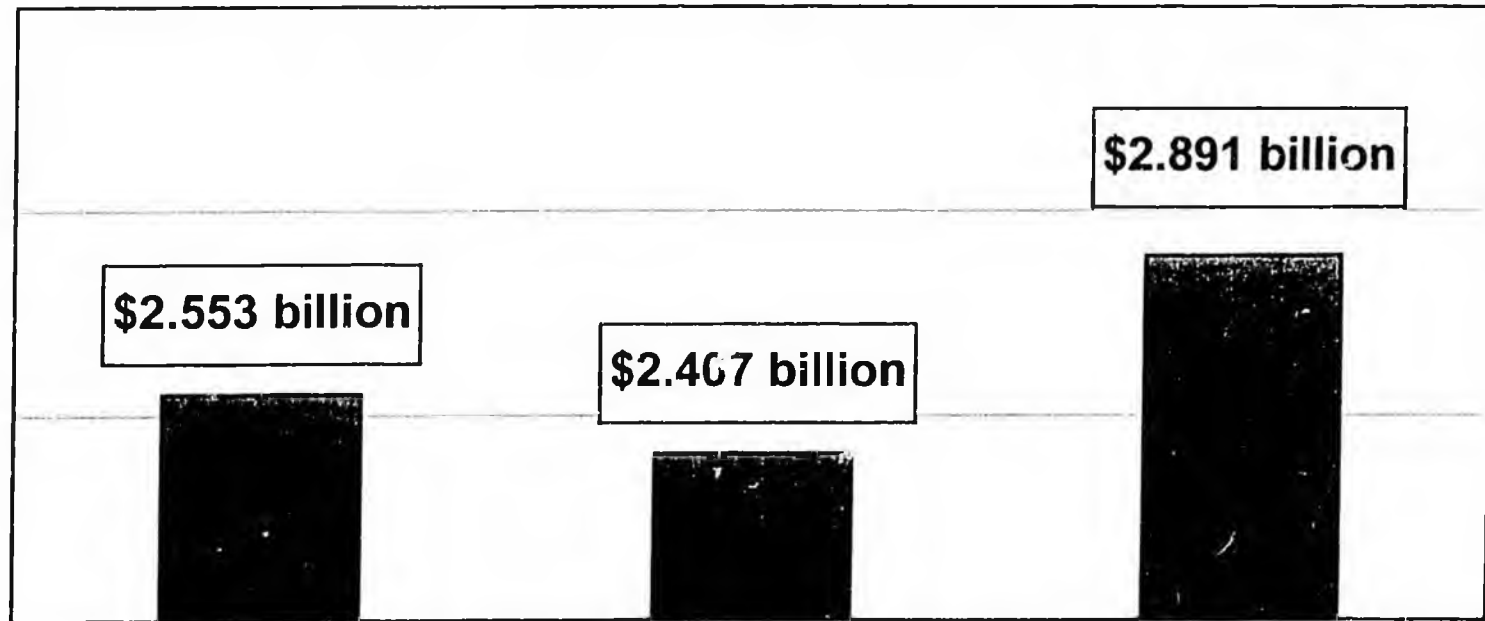
Billions

\$3.5

\$3.0

\$2.5

\$2.0



**Final FY95 General
Fund Budget**

**Gov's FY99 General
Fund Budget**

**FY99 If Adjusted for
CPI and Population
Since FY95**

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

Projection with Gov. Knowles' FY99 Initiatives and January Oil Price Forecast for FY99

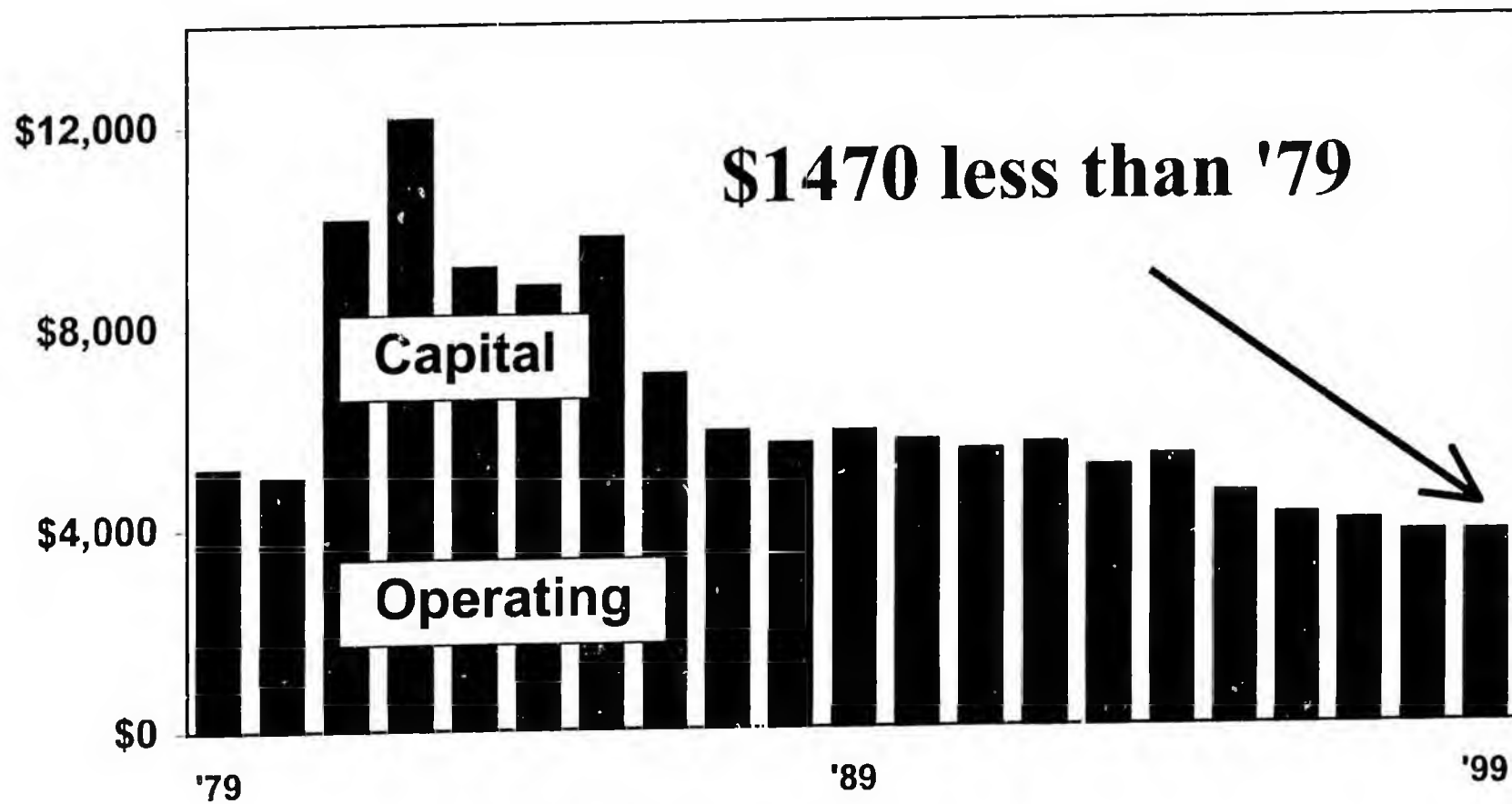
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Office of Management and Budget, 1/27/98

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State Spending per Alaskan Declines in Today's Dollars



\$338 Million of Inflation and Population Increases Absorbed Since FY95

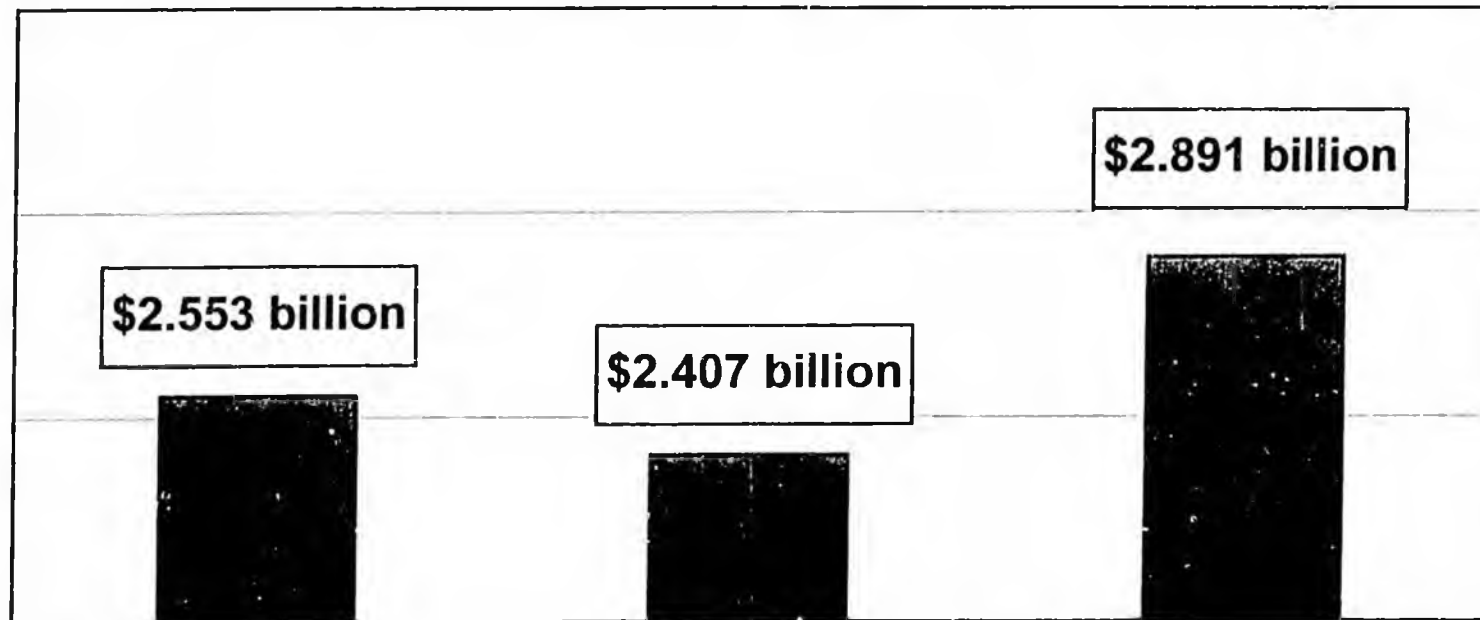
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\$3.5

\$3.0

\$2.5

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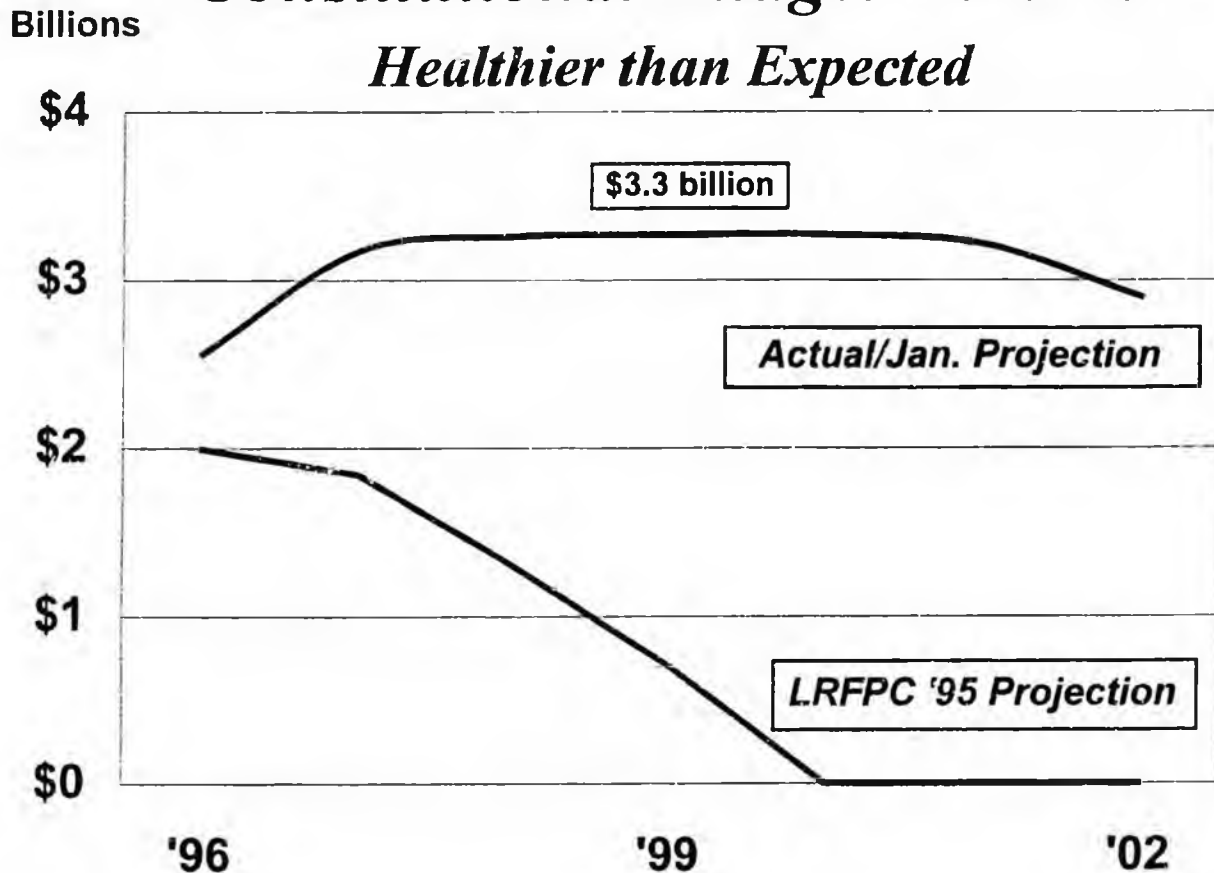
**Final FY95 General
Fund Budget**

**Gov's FY99 General
Fund Budget**

**FY99 If Adjusted for
CPI and Population
Since FY95**

Constitutional Budget Reserve

Healthier than Expected



Constitutional Budget Reserve

Projected vs. Actual Draws

	<u>Draw Projected When Legislature Passed Budget</u>	<u>Actual CBR Draws and Jan. '98 Projection</u>
FY95	\$513 million	\$22 million
FY96	379	285
FY97	409	(70) Surplus
<u>FY98</u>	<u>305</u>	<u>212</u> Jan. update
4 yr total	\$1606 million	\$449 million
FY99 Gov	506	??

STATE OF ALASKA

Executive Budget

S U M M A R Y

FISCAL YEAR 1999

July 1998 - June 1999



Tony Knowles, Governor

Prepared by the Office of Management and Budget

January 15, 1998



Dear Alaskan:

Our state budget is really about our priorities—how we propose to continue creating jobs in a healthy economy, building strong communities and ensuring that our children are safe and well-educated. If we are to meet these priorities, budget discipline must include investing for tomorrow as well as spending wisely for today.

My budget for Fiscal Year 1998 holds the line except for education, where I'm proposing to increase our investment in our schools and university. It absorbs millions of dollars of increased costs due to inflation and population growth. It addresses child abuse and neglect through our "Smart Start for Alaska's Children" initiative by reallocating state funds previously spent to match federal Medicaid dollars.

This budget continues to promote developing Alaska's resources the right way with investments in fisheries, oil and gas, mining, and value-added timber. It creates opportunities for more Alaskan jobs with projects such as Gateway Alaska, an exciting redevelopment at Anchorage International Airport.

Can we afford these investments without jeopardizing our future financial health? The answer is a resounding "yes." Our reserves will remain strong. Under my proposed budget our Constitutional Budget Reserve would still be \$3 billion at the end of FY02. Our Permanent Fund will be nearly \$25 billion next year and \$29 billion in FY02.

This budget summary highlights our strategies for producing measurable results such as more jobs for Alaskans, children doing better in school, access to quality child care for working families, and lower rates of child abuse and juvenile crime. We're shaping our budget to produce those results. For instance, two programs which we've featured in Smart Start—expanding health care coverage for children of working families and home visits to the families with new infants—helped Vermont dramatically cut its rates of child abuse and neglect.

You deserve a state budget that meets Alaskans' needs in a financially responsible manner. I believe this budget does both.

Sincerely,

A handwritten signature in black ink that reads "Tony Knowles". The signature is written in a cursive, flowing style.

Governor's FY99 Executive Budget Summary

GOVERNOR KNOWLES' FY99 EXECUTIVE BUDGET SUMMARY

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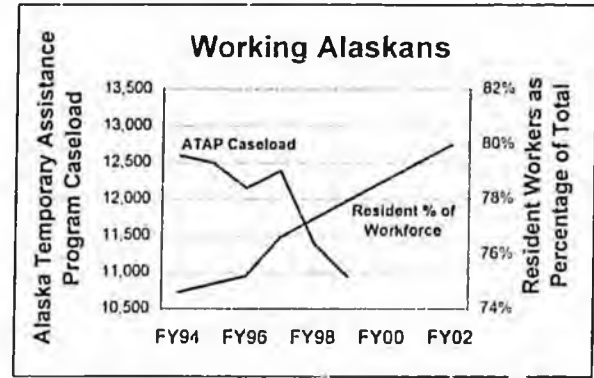
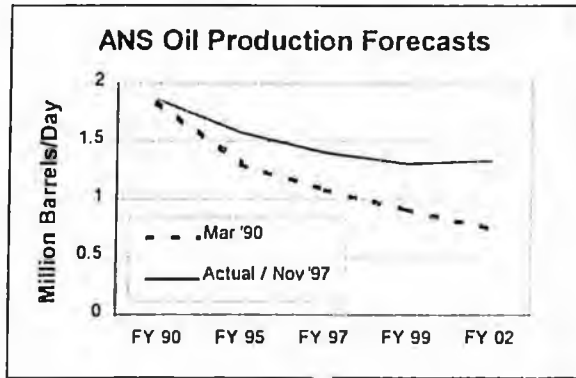
Comments and suggestions on this document are welcome. You can provide comments to Annalee McConnell, Director of the Governor's Office of Management and Budget, by email, postal mail, or phone:

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GOVERNOR'S PRIORITIES: JOBS AND ECONOMIC DEVELOPMENT

Desired Result: A growing, sustainable economy that provides good safe jobs for Alaskans.

Key Baseline Indicators of Achieving Result



Major Strategies to Achieve this Result

1 Increase opportunities for Alaskans to have good, safe jobs.

- Continue a strong partnership with Alaska's businesses including oil, fishing, seafood, mining, timber and tourism.
- Continue to stimulate new oil and gas development on the North Slope with projects such as Alpine, Northstar, and Badami.
- Encourage the federal government to open the National Petroleum Reserve-Alaska to careful oil and gas development—while protecting the abundant populations of fish and wildlife.
- Promote value-added processing of timber, seafood, and other resources—particularly in high unemployment areas—through incentives, research, loans and grants.
- Continue initiatives with fish processors and factory trawlers to increase their percentage of Alaska hire.
- Ensure Alaska's place in national and international competitive salmon markets by setting and

adhering to quality, marketing and product development standards.

- Provide critical transportation infrastructure for viable economic development, such as the "Gateway Alaska" redevelopment of Anchorage International Airport and related transportation.
- Implement small business and loan evaluation task force recommendations to improve the environment for small businesses.
- Encourage and implement the governor's Tax Incentive Programs to encourage major investments.
- Assist economically distressed communities through programs such as the Southeast Alaska Community Economic and Revitalization Team, and the Bristol Bay Community Response Partnership.
- Work closely with the private sector and Alaska's trading partners to expand global trade opportunities.
- Continue the *Marketing Alaska* partnership between the state and the private sector to create jobs and encourage more national and international commerce with Alaska.

2

Encourage responsible resource development with sound science, prudent management and good public process.

- Ensure we "Do Resource Development Right" with:
 - 1) *sound science* bringing the latest and best scientific information about resources to bear including best technologies and local knowledge;
 - 2) *prudent management* a) focusing on conservation and sustainability, b) utilizing resident contractors and workers, and c) including field monitoring and review to assure quality information and adaptive management; and
 - 3) *responsive, meaningful public involvement* which includes stakeholders, communities, and citizens in ongoing public review.
- Take full legal and administrative measures to reverse and prevent the federal government and courts from usurping Alaska's resource management authority.
- Ensure the state is prepared and able to resume full management of subsistence.
- Streamline regulation and permitting.
- Improve wildlife viewing opportunities and facilities for Alaskans and visitors.

3

Hire and train Alaskans for Alaska jobs.

- Maximize the benefit of economic development and job creation for Alaska's residents through work force development, promotion of resident hire and moving Alaskans from welfare to work.
- Integrate state employment and training through the Alaska Human Resources Investment Council.
- Provide tax incentives and initiate an employer recognition program for companies hiring welfare recipients.
- Target welfare recipients for job opportunities with mandatory work and training requirements and incentives that make it pay to work.
- Increase training and child care programs to facilitate employment for out-of-work Alaskans.
- Promote school-to-work partnerships between schools and businesses to prepare Alaska's children for good job opportunities.
- Work with Community Development Quota groups to increase training and employment in high unemployment areas of Western Alaska.

- Fund technical assistance to train rural Alaskans to operate utility systems in their own villages.
- Make the student loan program financially sound and accountable.
- Initiate the Alaska Scholars Program to provide the top 10% from each of our high schools with scholarships to the University of Alaska.

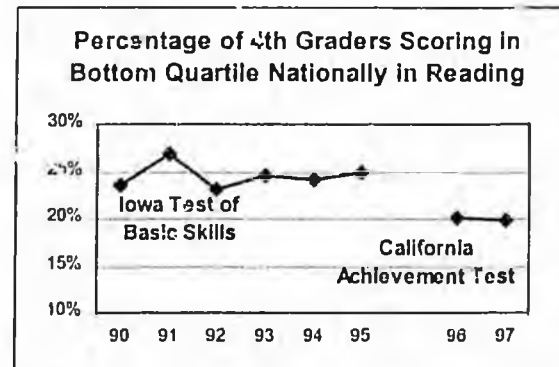
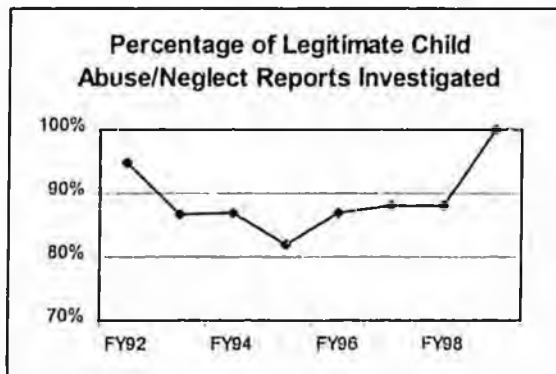
Highlights of 1997 progress

- Strengthened Alaska's employment environment:
 - 267,700 jobs (statewide non-agricultural employment), an increase of 1.7% from calendar 1996;
 - Alaska workforce of 76.6% residents, an increase of 1.4% from fiscal year 1996;
 - Alaska residents received 87.1% of wages, a .5% increase from fiscal 1996.
 - Developed "one-stop" job centers to coordinate state services for job seekers; three centers now open, several more on schedule.
- Launched *Gateway Alaska*, a ten-year plan to improve Anchorage International Airport and associated infrastructure.
- Encouraged Northwest Airlines' renewed direct air service between Alaska and Japan.
- Continued the *Marketing Alaska* partnership between private industry and the state.
- Helped boost the mining industry above \$1 billion in value for the first time in Alaska's history.
- Assisted in the financing of several large projects, including expansion of the Red Dog Mine and development of other mine operations.
- Continued aerial geophysical mapping program critical to new mining exploration and development.
- Continued working with the Southeast Timber Task Force of mayors and industry leaders to plan a new future for the Southeast timber industry.
- Facilitated development of value-added timber processing facilities in Wrangell and Ketchikan.
- Participated in a successful government/business trade mission to Sakhalin Island, resulting in many prospects for Alaska firms in oil and gas.
- Continued to work with industry and communities to bring North Slope natural gas to market by completing a commercialization report and introducing legislation.

GOVERNOR'S PRIORITIES: CHILDREN AND EDUCATION

Desired Result: Safe, healthy children who are well-prepared for the future.

Key Baseline Indicators of Achieving Result:



Major Strategies to Achieve this Result

1 Improve child health and development so children and their families are healthy.

- Increase the percentage of children who are fully immunized by age two.
- Expand health care coverage to the children and pregnant women of Alaska's working families.

2 Protect children and help them move from risk to opportunity.

- Expand and reallocate resources to protect, support and treat children who are victims of physical or sexual abuse or neglect.
- Encourage and support families to participate in their children's education through quality schools initiatives.
- Continue effective youth development programs such as National Guard Youth Corps Challenge.
- Increase alcohol and drug prevention and treatment programs available for youth.
- Authorize communities to handle less serious offenses through community courts or youth courts.

3 Break the cycle of abuse and neglect through strong families and safe communities.

- Expand successful early childhood education programs like Head Start and home visit programs like Healthy Families to help break the cycle of child abuse and neglect.
- Work with and promote the Alaska Children's Trust so communities have access to additional resources for the prevention of child abuse and neglect and family violence.

4 Improve school success so children succeed and are well-prepared to enter the work force.

- Develop and support initiatives to improve the quality of Alaska's schools, including mandatory standards in the basic skills, frequent and meaningful testing, and assistance for students who need it.
- Support a school funding process which is fair and provides additional funds tied to quality education.
- Promote the Education Summit recommendations—

including a bigger role in schools for parents, businesses and the entire community—so students are prepared to enter the next century.

- Implement a financially responsible plan, which provides a long term, stable source of funding for school construction and major maintenance statewide.

5 Improve economic capacity so families and their children are financially secure.

- Advance a child care plan to expand access to quality, affordable child care so families are supported while they work and children are cared for in safe, nurturing environments.
- Link Jobs Cabinet and Children's Cabinet strategies to improve family self sufficiency—including moving Alaskans from welfare into jobs so they can support their families.
- Ensure child support enforcement is strong and fair.

6 Increase the public's awareness of children's well-being and needs so citizens know what they can do to support children.

- Deliver an annual State of the Child Address highlighting children's issues.
- Collaborate with Kids Count Alaska to monitor how well children are faring based on national indicators of education, health and safety, economic well-being, and crime and violent death.
- Continue to work with communities to improve children's health, safety and learning by implementing COMPASS (Community Partnerships for Access, Solutions and Success).

Highlights of 1997 progress

- ☑ Made first-ever grants from the Alaska Children's Trust, distributing \$285,000 to 12 community-based programs working to reduce child abuse and neglect.
- ☑ Continued efforts to earn more money for the Children's Trust from businesses and individual Alaskans.
- ☑ Supported an Alaska-based television program "Our Children, Our Trust" that aired in conjunction with the national "I Am Your Child" special on brain development.

- ☑ Provided family involvement in education training to 53 communities throughout Alaska in partnership with the National Education Association, Association of Alaska School Boards, and Alaska Parent Teacher Association.
- ☑ Developed content and performance student standards in reading, writing, and mathematics, providing these standards to districts along with the frameworks on how to teach these standards.
- ☑ Instituted mandatory teacher standards, which are now the basis of teacher evaluations and are being integrated into the University's teacher education programs.
- ☑ Increased Child Support Enforcement Division collections by \$6 million to more than \$77 million so more children and families received the money they deserved.
- ☑ Developed the "Smart Start for Alaska's Children" plan to expand children's health care, break the cycle of abuse and neglect and intervene swiftly and forcefully when kids are in peril.
- ☑ Collaborated with Kids Count Alaska to collect and publicize information about trends in the health, safety, and economic status of children from birth through early childhood.

The Children's Cabinet

Governor Knowles appointed a Children's Cabinet of top state officials to coordinate and advance priorities for children and families. The members are:

Commissioner Mike Irwin, Community & Regional Affairs
Commissioner Karen Perdue, Health and Social Services
Attorney General Bruce Botelho
Commissioner Shirley Holloway, Education
Commissioner Ron Otte, Public Safety
Commissioner Margaret Pugh, Corrections
Annalee McConnell, Office of Management and Budget
Lieutenant Governor Fran Ulmer

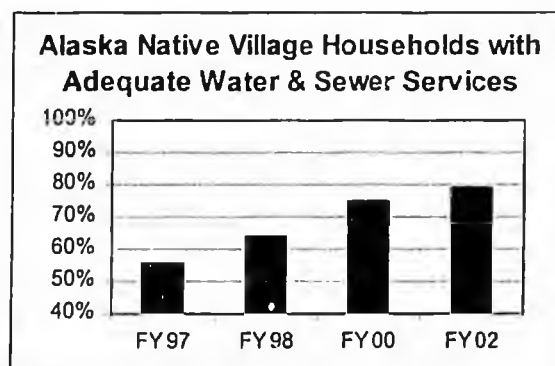
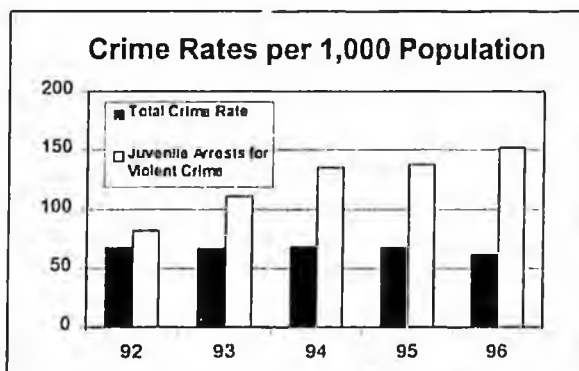
For more information about the Children's Cabinet, contact:

*Shari Paul, Special Assistant
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spaul@comregaf.state.ak.us
PO Box 112100
Juneau, AK 99801*

GOVERNOR'S PRIORITIES: HEALTHY, SAFE COMMUNITIES

Desired Result: Healthy, safe communities

Key Baseline Indicators of Achieving Result:



Major Strategies to Achieve this Result

1 Ensure that Alaska's families are healthy.

- Reduce the incidence of child abuse and neglect.
- Work with communities to develop prevention-based solutions to health problems.
- Reduce the use of tobacco products.
- Target alcohol abuse as a critical problem and increase efforts to reduce alcohol consumption.
- Address the root causes of public health problems such as TB and hepatitis by ensuring safe drinking water and sewage disposal systems.
- Ensure that Alaskan families continue to have basic safety nets for health care, food and shelter despite federal changes in welfare, Medicaid, and Medicare.

2 Ensure that Alaska's communities are healthy.

- Address rural Alaska's massive needs for improved water, sewer, landfill and bulk fuel storage facilities.

- Assist communities with training and other support for proper maintenance of utility systems to maintain health standards and minimize future system problems and expenses.
- Protect the quality of the Alaska environment by working with communities and industry to promote and implement effective air and water quality standards.
- Ensure safe transportation of oil and minerals through effective regulation and working relationships with industry, but be fully prepared to respond effectively to oil spills and other environmental disasters.
- Focus on prevention of environmental problems, but also deal promptly with those whose irresponsible actions damage our land, water, and air.
- Work closely with communities and the federal government on coastal management issues.
- Reduce the loss of life from residential fires through focused prevention programs.

- Improve emergency response capabilities by developing an integrated emergency management system to protect the lives and property of Alaskans in time of disaster.

3 Ensure public safety in our communities.

- Target the root causes of crime by addressing two proven contributors to both juvenile and adult crime: child abuse and neglect and poor student performance in school. The child protection elements of Governor Knowles' Smart Start initiative and the Quality Schools initiative are key elements in achieving long-term reductions in juvenile and adult crime rates.
- Expand early intervention efforts in order to work with juvenile offenders before more serious offenses are committed.
- Ensure early intervention for juveniles by referring first time and minor offenders to youth courts. Juvenile cases processed through youth courts receive meaningful sanction, including community work service and restitution. Youth courts provide a swift response to the offense, promote accountability, and significantly impact offenders by using peers as judge, lawyer, bailiff and court clerk.
- Improve State Trooper response capabilities by obtaining funding to fill 20 vacant state trooper positions.
- Close the revolving door in the criminal justice system by establishing a coordinated, modern justice information network.
- Recognizing that alcohol is the single greatest contributor to crime in Alaska, implement strategies that provide needed intervention and prevention services but impose tough, unavoidable consequences on offenders.
- Resolve appropriate allocations of criminal justice responsibilities between the state and local governments.
- Continue to implement the recommendations of the Governor's Conference on Youth and Justice.

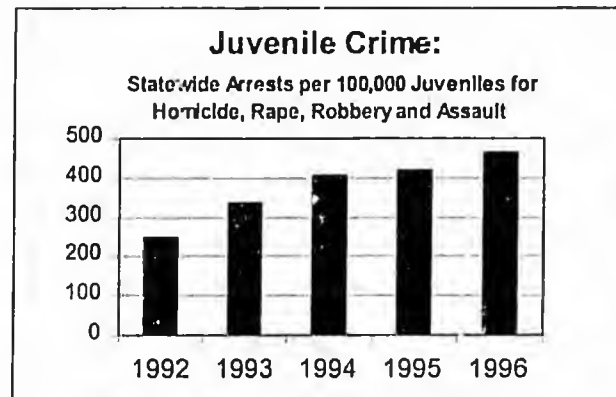
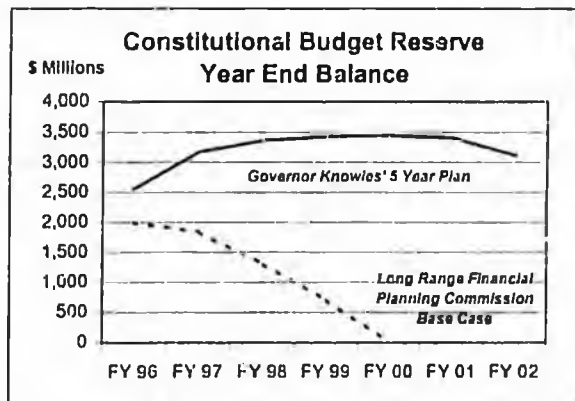
Highlights of 1997 progress

- ☑ Promoted and signed legislation raising the state tax on cigarettes to \$1 per pack to discourage smoking, especially by young Alaskans.
- ☑ Continued village justice programs for handling minor infractions.
- ☑ Proposed hiring new Village Public Safety Officers and giving existing VPSOs much-needed raises to assure continuity in the work force.
- ☑ Proposed funding to hire 15 additional Alaska State Troopers to help make Alaska communities safe.
- ☑ Held a Domestic Violence Summit to review existing state laws and policies and recommend improvements so offenders are held accountable, victims receive proper assistance and statistics in Alaska are reduced.
- ☑ Completed the Governor's Conference on Youth and Justice final report and recommendations for reducing juvenile crime and improving the juvenile justice system.
- ☑ Began implementing a welfare reform package that promotes responsibility, encourages work, limits benefits and maintains the safety net for children and the disabled.
- ☑ Continued to expand the Healthy Families project which uses home visits to identify families with health and other problems and direct them to appropriate services.
- ☑ Continued partnerships with tribal entities to improve rural Alaska health care.
- ☑ Focused attention on the Governor's Council on Rural Sanitation to coordinate rural sanitation efforts toward the goal of eliminating the honey bucket in Alaska.
- ☑ Increased native village households with adequate water and sewage service from 56% to 64%.

GOVERNOR'S PRIORITIES: BUDGET DISCIPLINE

Desired Result: Fiscally sound state government providing services effectively and efficiently.

Key Baseline Indicators of Achieving Result:



Major Strategies to Achieve this Result

1 Develop a long-term budget plan.

- Work with the Legislature to approve a long term budget plan that ensures a sustainable level of public services and helps support a healthy state economy.
- Employ a variety of fiscal tools—including a prudent reserves policy, revenue diversification and holding the line on spending except for education.
- Make investments in our children's health, education and well-being so the next generation of Alaskans have opportunities for continued prosperity.
- Continue providing public information about the decisions necessary to ensure a healthy financial future.

2 Protect the Permanent Fund.

- Ensure that any changes to the Permanent Fund, including potential use of its earnings, occur only with a vote of the people.

3 Promote government efficiency and performance to get the most out of state budget dollars.

- Continue development of a results-based budgeting system that includes baseline indicators and informs the public of progress toward achieving measurable results.
- Protect public investment in state facilities with adequate annual and preventative maintenance, and clear up the backlog of deferred maintenance projects.
- Minimize the effects of inflation and population growth on public service costs through technology improvements and better business practices.
- Implement cost-control measures in services with high rates of annual expenditure growth, such as Medicaid and welfare.



Invest in Alaska's future.

- Clear up the massive backlog of school major maintenance and construction projects by leveraging dedicated tobacco tax revenues and working through the rural and urban needs-based priority lists within ten years.
- Work with the legislature to develop a multi-year plan for eliminating the state's deferred maintenance backlog and preventing future deferred maintenance problems.
- Make targeted investments to reduce future operating costs, including prevention and training programs, improved technology, and energy efficiency.



Implement a more effective state budget process.

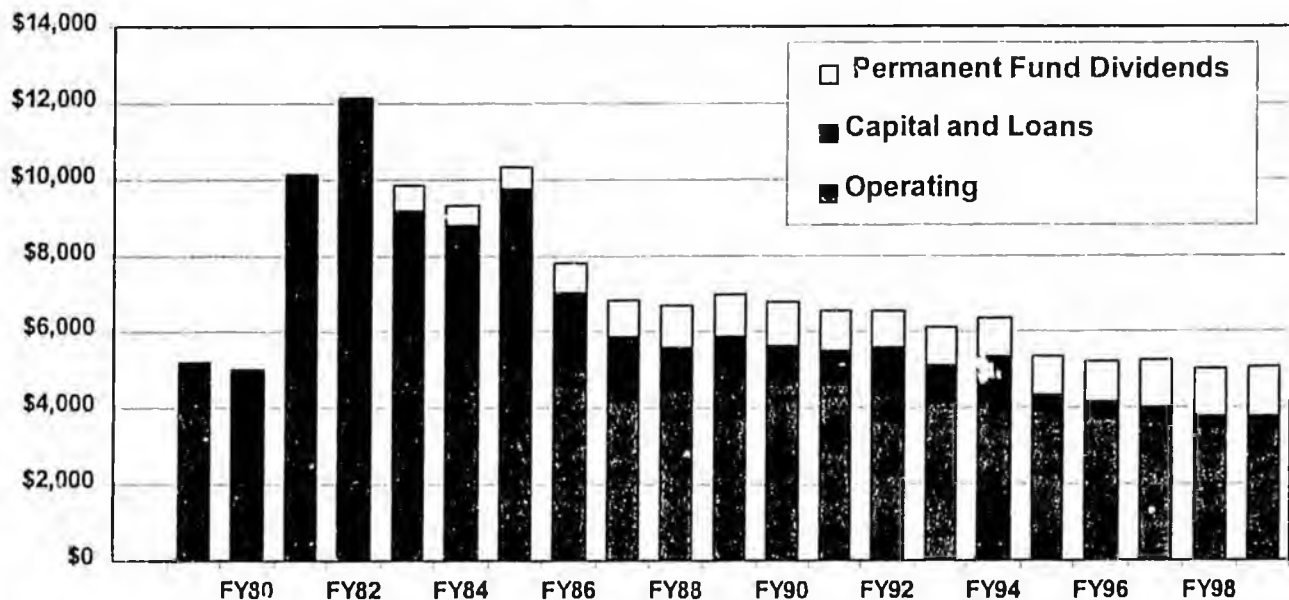
- Prepare a realistic, annually-updated Six Year Capital Plan for adoption by the legislature as required by law.
- Provide more understandable budget information for the administration, legislature and public.
- Develop the capability to provide a two-year view of the state budget.
- Incorporate baseline indicators and performance measures of program effectiveness as integral parts of the annual budget process.

- Develop an automated budget system to reduce preparation time, provide better management information to policymakers and improve budget analysis.

Highlights of 1997 progress

- ☑ Successfully completed in-house development of a new automated capital budget system for all executive branch agencies which was used to prepare the governor's FY99 capital budget and appropriation bill.
- ☑ Finished the first two phases of developing an automated, results-based operating budget system, with design completed and pilot roll-out in two departments scheduled for early 1998.
- ☑ Developed a plan to eliminate the entire school major maintenance and construction backlog within ten years.
- ☑ Coordinated the budgetary aspects of Smart Start for Alaska's Children—the initiative to protect children's health and well-being using reallocated federal Medicaid dollars and new cigarette tax revenues.
- ☑ Released the capital budget along with the operating budget in December instead of months later, which was the practice for many years.

State Spending Per Alaskan in Today's Dollars



ALASKA'S FISCAL INDICATORS ARE STRONG

- Going into FY99, our ready reserves in the Constitutional Budget Reserve (CBR) will total \$3.3 billion. At 137% of current year general fund spending, this is the highest reserves ratio in the nation. (Oklahoma has the next highest at about 19%.) In addition, we have a \$23.6 billion Permanent Fund which is larger than any other state's reserve account.
- Alaska enjoys an excellent AA bond rating. Within the next two fiscal years, all of our outstanding general obligation debt will be paid off.
- Our overall revenue base is more diverse than ever. Although oil and gas-related income will continue to account for about 78% of our \$2.4 billion FY99 general fund revenues, investment earnings have become an ever larger and more stable share of the state's revenue base. Of the \$5.4 billion revenues projected from all sources next year, 32% will come from investment earnings on the CBR, Permanent Fund and general fund. Petroleum revenues are expected to account for 33%, while federal revenues comprise 24% of the total funds revenue base. Non-petroleum general funds (8%) and corporate receipts (3%) make up the remainder.
- Barring an oil price or market crash, both of our major reserve accounts—the CBR and Permanent Fund—should continue to grow for the next several years.
- News from the oil patch is good, with production expected to increase and plateau at a higher rate during the next two years.
- Our overall economic outlook is positive as well. Unemployment is currently the lowest it has been during the decade. The Department of Labor estimates that the number of jobs statewide will increase by nearly 15,000 during the next five years.
- Alaska's citizens are sharing personally in the benefits of our state's fiscal situation, most notably through Permanent Fund dividends. The annual payment reached \$1,297 this year, the largest ever. Alaskan families also enjoy the lowest combined state and local tax burden in the nation. As a percentage of household income, Alaskans across the income spectrum pay less than half of the national average in state and local taxes.

REVENUE UPDATE

After the Fall revenue forecast was released in November, OPEC increased its oil production quota from 25 to 27.5 million barrels per day, which put downward pressure on world oil prices. Turmoil in Asian financial markets has led some forecasters to project an economic slowdown in the region and consequent dampening of energy demand. Most analysts agree that oil consumption will continue to grow, however. The consensus seems to be that overproduction is likely to soften oil markets in the near term.

During December, the price of ANS crude delivered to the West Coast dropped from around \$18.50/bbl. to around \$16.50/bbl. (At current production rates, a \$1 change in the per barrel price averaged over a full year translates into a \$100 million difference in revenues to the state.) Current futures market contracts indicate that market participants believe soft prices are likely to continue at least through the first quarter of calendar 1998.

Looking further into the future, the Department of Revenue's December 1, 1997 revenue update forecasts FY99 prices of \$17.81/bbl. or \$0.41 lower than the Fall forecast. Net disposable general fund revenues are anticipated to be \$1.998 billion, or \$37 million less than the Fall forecast.

General Fund Spending Cut \$150 Million Over Four Years

FY95 \$2,553 million

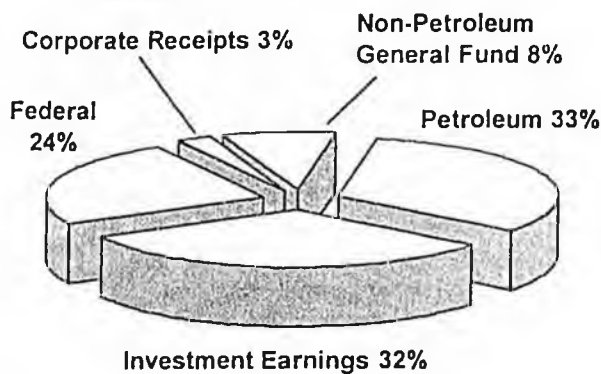
FY99 Gov* \$2,403 million

Total Cut \$ 150 million

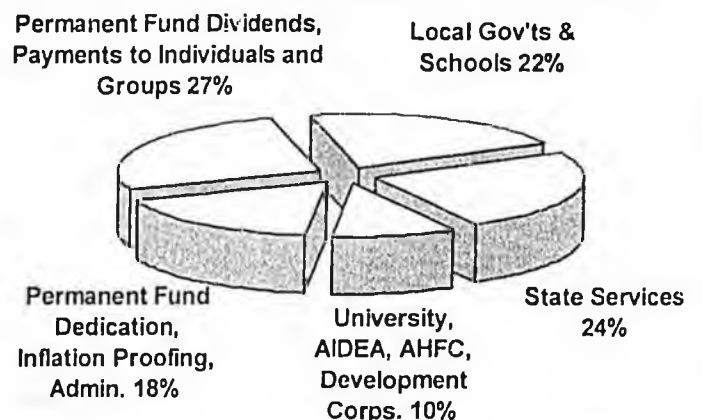
* Including Governor's Quality Education
and Smart Start for Alaska's Children
initiatives

Total State Revenues and Expenditures

FY99 Total Funds Revenue



Major Categories of FY99 Expenditures



GOVERNOR KNOWLES' FY98/FY99 BUDGET PLAN - December 15, 1997 (will be formally updated with Spring forecast)

(all dollars shown in millions)

FISCAL YEAR 1998

FISCAL YEAR 1999

Reduction from FY95 to FY99 Gov. is \$ 150 million	FISCAL YEAR 1998			FISCAL YEAR 1999		
	Total General Fund without Designated Program Receipts	with Program Receipts	Total Funds	Total General Fund without Designated Program Receipts	with Program Receipts	Total Funds
Revenues						
Net Disposable Unrestricted Revenues - Dec. update	\$2,126.2	\$2,148.3	\$2,148.3	\$1,950.2	\$1,984.3	\$1,984.3
Restricted Revenues (fed, corp., UA, ILTF receipts, etc.)	5.0	5.0	3,025.5	0.0	0.0	3,402.4
General Fund surplus from FY97 appropriated to FY98	70.0	70.0	70.0	0.0	0.0	0.0
Total Revenues	2,201.2	2,223.3	5,243.8	1,950.2	1,984.3	5,386.7
Draw from Constitutional Budget Reserve	168.0	168.0	168.0	452.8	452.8	452.8
Funds Authorized to be Expended	2,369.2	2,391.3	5,411.8	2,403.0	2,437.1	5,839.5
Expenditures Including Supplementals						
Agency Operations	1,082.7	1,097.9	2,309.2 ^E	1,115.2 [*]	1,137.8	2,395.1
Formula Programs (Medicaid, Longevity Bonus, etc.)	413.6 [*]	413.6	743.4	389.1 ^B	389.1 ^B	792.0 ^B
Education Formula Funding (includes Gov.'s Educ. Initiative)	670.1	670.1	796.1	706.3 ^C	706.3 ^C	795.8 ^C
Operating Supplementals & revised programs (LB&A)	16.5	18.4	35.5	13.8 ^D	13.8 ^D	13.8 ^D
Debt Service	72.3	72.3	108.9	64.1	64.1	110.8
Loans Budget - Alaska Clean Water & Drinking Water Funds	8.0	8.0	47.9	3.9	3.9	23.0
Capital Appropriations & revised programs (LB&A)	91.7	96.7	581.7	92.3	103.8	870.7
Non-Education fiscal notes (Quality Educ. included above)				5.0	5.0	5.0 ^G
Perm Fund Dividend/Special Approp./Fund Transfers	14.3	14.3	1,275.2	13.3	13.3	1,312.0
Total Expenditures	2,369.2	2,391.3	5,897.9	2,403.0	2,437.1	6,318.2
Less Duplicated Expenditures	0.0	0.0	-486.1 ^F	0.0	0.0	-478.7 ^F
Expenditures Net of Duplicated Appropriations	\$2,369.2	\$2,391.3	\$5,411.8	2,403.0	2,437.1	5,839.5

Constitutional Budget Reserve Fund projected year-end balances: FY98 \$3,286.4 million; FY99 \$3,351.8 million.

DOR's Fall 97 Forecast "reference case" (updated Dec. 1) uses the following oil prices: \$ 18.06/bbl for FY98; \$ 17.81/bbl for FY99.

FY98 expenditures include revised programs approved thru Dec. 12 by Legislative Budget & Audit Committee (\$ 4.9 million designated program receipts, \$ 18.7 million other).

The State also collects "shared" tax receipts which it passes directly to municipalities (\$ 22.2 mil in FY98, \$ 19.6 mil in FY99) and aquaculture associations (\$4.1 mil in FY98 & FY99). Plan does not reflect any FY99 increments proposed by the Court System or the Legislature.

* Medicaid savings to the state, resulting from recent changes in the federal match rate, are being reallocated to Smart Start Child health and protection programs.

NOTES:

A. Designated Program Receipt columns reflect statutory changes made in SLA 97, CH 59. For illustrative purposes, these numbers also include Test Fisheries and APUC receipts.

B. Longevity Bonus program reduced \$8.0 million by proposed income limits as reflected in Sec. 6 of the Governor's operating budget bill.

C. These numbers reflect growing enrollment and other formula driven increases (\$ 7.1 million) and the Governor's FY99 Educ. Initiative for K-12 and the University (\$29 million)

D. Reduced by leasing (\$ 1.3 million) and OPATD (\$ 1.4 million); full funding for these programs has been included in agency operations.

E. Includes general fund and one time funds used for COLA.

F. Duplicated expenditures 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.

G. "Other" Fiscal notes: Dept. of Corrections alcohol treatment program (\$ 3 million) and Malaspina day boat service (\$2 million)

FY97 - FY99 OPERATING BUDGETS BY AGENCY

(including mental health operating budget)

	FY97 Actuals		FY98 Authorized		FY99 Proposed	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
Administration	181,004.6	269,383.4	179,033.0 ^A	261,233.3 ^A	173,562.3 ^B	257,271.8 ^B
Commerce and Economic Development	21,044.2	54,540.3	26,842.0	73,347.6	25,987.0	55,574.5
Community and Regional Affairs	81,509.5	129,465.5	77,479.2 ^A	143,906.3 ^A	81,262.4	162,138.4
Corrections	130,342.0	137,132.8	130,989.7	141,409.4	133,116.8	144,698.6
Education	680,288.9	888,236.8	699,358.3	920,973.3	707,457.7	932,701.3
Environmental Conservation	15,451.1	46,302.3	13,273.5	46,593.6	13,444.9	46,552.5
Fish and Game	39,466.4	98,901.5	34,121.1 ^A	102,478.3	34,771.7	110,660.1
Governor	17,523.0	20,924.2	15,623.9	18,929.8	17,750.1 ^C	21,085.6
Health and Social Services	444,995.9	859,680.8	441,817.6	876,992.4	437,826.5 ^B	951,762.7 ^B
Labor	8,675.0	54,384.2	8,357.4	57,835.6	8,463.9	56,812.4
Law	31,551.4	48,281.5	27,900.1 ^A	43,897.0 ^A	29,356.8	45,762.1
Military and Veterans Affairs	7,251.8	32,058.3	7,032.5 ^A	35,839.0 ^A	7,493.4	34,835.5
Natural Resources	50,073.9	78,161.2	39,410.3 ^A	64,729.7 ^A	39,396.8	61,856.4
Public Safety	76,694.5	88,579.5	76,248.8	90,809.2	80,168.8	96,376.0
Revenue	12,130.3	116,089.4	10,706.6	128,852.3	11,238.0	146,020.2
Transportation and Public Facilities	127,329.8	321,178.6	128,839.9	343,929.1	130,962.6	333,201.0
University of Alaska	167,693.6	374,816.4	164,138.1	442,838.8	167,177.1	443,227.7
FY99 Executive branch salary adjustments					4,574.8	8,332.3
EXECUTIVE BRANCH TOTAL	2,093,025.9	3,618,116.7	2,081,172.0	3,794,594.7	2,104,011.6	3,908,869.1
* Alaska Court System	49,045.4	49,124.7	49,544.5	49,544.5	51,675.4	51,675.4
* Legislature	30,245.7	30,382.2	31,553.8	32,033.4	31,703.1	31,786.4

All FY99 salary adjustments are in the "front section" (Sec 22) of the operating budget bill (HB 325, SB 229)

^A These FY98 totals and some others may increase with supplementals (e.g. disasters, judgments, etc.)

^B FY99 numbers include proposed statutory changes to Longevity Bonus eligibility (HB 77, SB 54) (Admin - 6,000.0 GF and DHSS -1,915.1 GF)

^C The increase in the Office of the Governor is due to election year costs for the Division of Elections and a \$100.0 increase in the Human Rights Commission

* These FY99 budgets are shown as transmitted to OMB for the budget bill. The executive branch does not alter these budgets.

Major Formula Programs Included in the Department Totals Above

	FY97 Actuals		FY98 Authorized		FY99 Proposed	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
Education Foundation Program	611,138.8	643,785.7	627,964.7	659,587.4	633,021.6	660,931.3
Pupil transportation, single site schools	35,991.6	35,991.6	38,641.1	38,641.1	39,925.0	39,925.0
Longevity Bonus (incl. 'hold-harmless')	74,477.0	74,433.7	72,917.4	72,891.7	69,261.3	69,215.6
Medical Assistance (incl. Gen. Relief Medical)	147,665.8	357,005.1	126,551.2	369,113.6	142,362.5	423,519.6
Alaska Temp. Assistance (formerly AFDC)	52,267.8	115,194.7	48,596.0	112,458.0	40,606.0	98,993.1
Adult Public Assistance	40,572.0	43,886.3	40,625.0	44,359.0	43,625.0	47,524.0
Municipal Assistance & Revenue Sharing	53,572.3	53,572.3	50,358.0	50,358.0	50,358.0	50,358.0
Power Cost Equalization	0.0	17,967.9	0.0	17,000.0	0.0	17,000.0

Budget Plan and Operating Budget Breakdown

DEPARTMENT OF ADMINISTRATION

Mission

To provide quality, cost-effective, and efficient centralized administrative and telecommunication support services to state agencies; to provide equitable legal and advocacy services for indigent Alaskans; to provide quality programs that promote the dignity, security, and independence of Alaska's seniors; and to provide administrative support to those commissions assigned to the department.

Major Goal and Strategies

Implement Best Business Practice initiatives and continue to pursue additional opportunities for innovation, efficiency, and effective delivery of state services and programs.

- Demonstrate the delivery of state services through the integration of mainframe computing systems and internet technology.
- Implement state purchasing cards and acceptance of credit cards as payment for state services statewide.
- Design and implement an electronic commerce strategy and standard for statewide procurement and other transactions.
- Develop, enable, and support state agencies' efforts to conduct state business electronically.
- Complete technology infrastructure, space utilization, business management, and rental structure planning for the Bank of America Center as a model for state government facilities.
- Implement Workplace Alaska and complete the redesign of the state's job classification system statewide across all employee groups.
- Implement a procurement officers' certification program that ensures competent application of state law as delegated to state agencies.
- Implement a training and assistance program to state agencies aimed at reducing workers' compensation claim costs.
- Establish a volunteer program to provide fast, effective intervention for families and children in crisis.
- Create cross-functional self-directed care teams in all Pioneers' Homes based on the Anchorage Pioneers' Home model.
- Create a modern, customer-focused central information technology environment.

Key Performance Measures

- Reduce waiting times at DMV to less than 30 minutes during peak times.
- Eliminate mail-in registration renewal processing by FY00.
- Eliminate the need to go to a DMV site to renew vehicle registrations by FY00.
- Expand choices/availability of DMV centers in the Anchorage/Mat-Su area by 25%.
- Reduce the processing costs per vehicle registration renewal by 50%.

Major Changes and Key Issues

Personnel Reengineering

With full implementation of Workplace Alaska in FY98, our focus moves to the job classification and pay arena. The objective of this effort will be to reduce the number of state job classifications by at least half and to provide a more flexible and responsive system for today's dynamic environment.

DMV Reengineering

Implementation of interactive voice and internet transactions will be achieved in the second half of FY98. The focus will continue on streamlining core processes, developing additional private partners and assessing of other avenues for providing faster, more convenient service to the public. These include: call center operations, automated information systems, stand alone self-service device, and expanding physical locations in Anchorage and the Mat-Su.

Bank of America Center Occupancy

The occupancy project will involve multi-agency planning and management teams focused on business practice improvement opportunities, space planning, and technology infrastructure.

AOGCC Funding

Expanded oil field development on the North Slope and in the Cook Inlet area coupled with downsizing of the oil companies calls for an increased level of attention by the Oil and Gas Conservation Commission, requiring a larger commitment of human and capital resources.

Children's Initiative

The Office of Public Advocacy, as the representative for the child in guardianship and other cases, and the Public Defender, as it is assigned to represent the parents in adoption cases, are partners in the success of the Governor's initiative to reform the state's process for handling children in need of aid cases.

Electronic Commerce

Budget constraints and pressures from a public being conditioned by private sector models to deliver products and services fast, right, cheap, and easy, as well as from the business community and the federal government, require aggressive implementation of electronic commerce initiatives. The department is working to implement electronic purchasing and payment, plus statewide credit card use and acceptance.

State Facilities Rental Structure

A rental structure is being developed for all leased and owned state facilities. "Paper billings" will be issued to state agencies during FY99 in preparation for actual implementation in the FY00 budget.

Year 2000 Date Conversion

All state information systems and process control systems must be examined and modified as necessary to accommodate the century date change by the end of FY99.

Increased electronic access by the public to information and services

Information technology is an integral component of the current effort to change the way Alaskans interact with government. The new model would enable the public to access multiple agency information and services through one source, like interactive web sites and other interactive technologies.

Explosive population growth of Alaska's seniors

With no system changes and at the current rate of growth of the over-65 age group in Alaska, annual public expenditures for long-term care would rise from \$72 million in FY97 to \$153 million in FY05.

Campaign Finance Reform

The new Campaign Finance Reform law will bring sweeping changes to campaign disclosure procedures. Disclosure forms for all four laws will be available online for downloading. Electronic filing of campaign disclosure reports will be beta-tested with selected groups.

Labor Contract Negotiations

Preparation will begin in FY98 for negotiations on the thirteen labor contracts that will expire beginning in spring of 1998.

Flexible Benefits-Health Care

The transition to a cafeteria style plan for certain state employees in FY98 has allowed increased flexibility in tailoring health coverages to meet different needs. Additional options are being explored to provide more price and coverage choices for FY99.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$626.3	\$428.7	\$428.7
General Funds	\$181,004.6	\$179,033.0	\$179,532.3
Federal Funds	\$4,665.2	\$6,845.7	\$6,862.5
Other Funds - Interagency receipts, etc.	\$83,087.3	\$74,925.9	\$76,418.3
TOTAL BUDGET	\$269,383.4	\$261,233.3	\$263,241.8
Positions - Full-time	1,253	1,253	1,284
Part-time and Seasonal	208	215	229
KEY PROGRAM AREAS (All Fund Sources)			
Senior Services	\$116,116.5	\$119,283.1	\$117,098.9
Legal and Advocacy Services	\$16,521.5	\$16,336.3	\$18,310.4
Centralized Administrative Services	\$119,429.0	\$107,889.0	\$109,727.5
Commissions	\$3,348.4	\$3,445.5	\$3,940.5
Public Communication Services	\$5,419.0	\$5,093.9	\$5,093.9
Motor Vehicles	\$8,509.6	\$8,552.5	\$8,950.6

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

Mission

To work with the private sector and our communities in creating new jobs for Alaskans, strengthening Alaska's competitiveness in the world marketplace, and maintaining a fair and consistent business regulatory environment in the state.

Major Goals and Strategies

1 Work with the private sector and communities in creating new jobs for Alaskans.

- Facilitate the exchange of information between Alaskan exporters and potential customers through business intelligence services and trade practice assistance.
- Partner with other state agencies, private businesses and local governments to identify and develop opportunities for regional and local economic development.
- Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska.
- Help restore the financial health of the Alaska salmon industry by implementing the Salmon Cabinet work plan.
- Continue to implement recommendations of the loan and small business task forces to maximize the reach and efficiency of the state's small business and loan program services.
- Encourage new international and domestic air carriers to use Anchorage as a passenger and freight delivery point.
- Increase the use of Alaska's highways and roads by independent visitors.
- Develop and implement targeted tourism marketing programs to expand Alaska's tourist season and increase visits to rural parts of the state.
- Participate in the economic recovery phase of the State's response to the southeast mill closures, through the SE Community Economic Revitalization Team. Assist with special team efforts in economically distressed regions of the state.

2 Marketing Alaska—Sell Alaska's goods and services throughout the world.

- Raise national and international awareness and consumption of Alaska seafood products through generic and targeted marketing.
- Raise national and international interest in Alaska as a tourist destination through generic and targeted marketing.
- Continue the Governor's Business Opportunities Program under which the Governor, Commissioner and other Alaskans visit corporate boardrooms to solicit investment in Alaska.
- Participate in trade shows and seminars to raise the visibility of Alaska as a good place to do business.
- Organize and conduct business trade missions to key markets and potential markets.
- Make information on Alaska's economy, goods and services, investment opportunities, and departmental data bases available on the internet.

3 Maintain a fair and consistent business regulatory environment in the state.

- Assist businesses and consumers by placing the database of licensed professionals on the internet, including information about disciplinary actions.
- Expedite the conversion of Alaska's telecommunications industry from a monopoly-based to a competitive, market-based industry structure, while guaranteeing universal access to service.
- Create simple, self-explanatory license applications to make licensing more convenient to the public and reduce requests for staff assistance.

Key Performance Measures

- Create at least 350 new jobs for Alaskans in FY99 by providing financial assistance to economic development projects that meet defined criteria for feasibility and financial success.
- Increase the number of Alaskans employed in the visitor industry to 30,000 by the year 2000.
- Increase the average per-capita U.S. consumption of Alaska salmon from 1.0 to 1.5 pounds per year by the year 2000.
- Reduce response time up to 75% by the year 2000 for the filing and retrieval of licensing and corporate documents, by providing forms and information on the Internet, accepting credit cards and making other uses of technology.

Major Changes and Key Issues

Insurance

In addition to fraud investigation and prosecution, the division will continue educating the public about resources available to them in their purchase and use of insurance.

Investments

The lack of fish during the 1997 season in many parts of the state, especially Bristol Bay, has resulted in many Commercial Fishing Revolving Loan and Fisheries Enhancement Revolving Loan extension requests.

Occupational Licensing

The division will work to increase the quality and availability of professional services by supporting occupational licensing statute changes.

Trade and Development

The division will focus on seafood markets in Japan and Korea, with increased emphasis on Taiwan and exploring other Asian markets. Activities in Sakhalin, Russia will continue to emphasize oil and gas support services. The division will target new and emerging markets for Alaska goods and services, particularly from rural Alaska, while strengthening established domestic and overseas markets.

Tourism

The division will emphasize increased highway traffic and air access to Alaska, elimination of trade barriers, and greater access to Alaska's public lands to disperse the effects of tourism. The Alaska Tourism Marketing Council will again have a limited broadcast schedule (70% less than FY94 so that distribution of the State Vacation Planner can continue.

Alaska Seafood Marketing Institute

As worldwide farmed salmon production and marketing increase, ASMI will continue marketing programs to generate national and international awareness and consumption of Alaska seafood. The Alaska seafood industry's largest market, Japan, continues to decline due to the farmed salmon industry's aggressive marketing budget.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated Program Receipts / APUC	\$14,776.2	\$5,709.6	\$5,726.3
General Funds	\$21,044.2	\$26,842.0	\$25,987.0
Federal Funds	\$3,189.1	\$3,650.0	\$3,650.0
Loan Funds	\$3,208.4	\$3,278.8	\$3,291.6
Other Funds - State corp earnings, internal svc, etc.	\$12,322.4	\$33,867.2	\$16,919.6
TOTAL BUDGET	\$54,540.3	\$73,347.6	\$55,574.5
Positions - Full time	390	347	348
Part time and Seasonal	16	10	10
KEY PROGRAM AREAS (All Funds)			
Regulatory Agencies	\$17,643.7	\$15,920.9	\$14,521.5
Trade and Development	\$2,636.2	\$3,058.1	\$3,519.1
Tourism Marketing	\$8,504.1	\$7,024.9	\$7,031.4
Seafood Marketing	\$9,855.3	\$10,747.7	\$10,750.1

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

Mission

To foster the development of self reliant and productive individuals, families and communities by providing training, technical assistance and financial support.

Major Goals and Strategies

1 Strengthen Individuals

- Provide individual Alaskans with the job training programs they need through the federal Job Training Partnership Act (JTPA) and the state-funded State Training and Employment Program (STEP).
- Provide employment and job training services via "One-Stop" centers and electronic linking of agency programs.
- Ensure that residents of small rural communities in Western Alaska get the maximum benefits from their participation in the Community Development Quota (CDQ) program, a fisheries development initiative.

2 Strengthen Families

- Improve the overall quality of life of low-income children and parents through a comprehensive Head Start program of education, health, nutrition, social services, parent involvement and career development.
- Ensure parents' access to affordable, high quality child care programs, allowing parents to take advantage of job training and work opportunities.

3 Strengthen Communities

- Increase the capacity of local government to effectively provide essential public services by providing communities training and on-site technical assistance.
- Enhance the availability and quality of basic local government services by providing financial assistance that supplements local revenue generation.
- Improve the safety and cost effectiveness of energy sources for power generation and heating in rural Alaska by constructing and repairing bulk fuel storage facilities.

- Ensure that the state's significant investment in rural water and sewer infrastructure is properly managed and maintained by providing technical assistance targeted at rural utility business management.
- Protect the State's investments in rural electric power systems through training of the local operators and utility clerks, and by providing technical and financial assistance to prevent disasters.

Key Performance Measures

- All six CDQ groups will have met the goal and milestones set out in their respective CDQ Community Development Plans.
- Head Start is anticipating expanding services to an additional 200+ families raising the number of participating families from approximately 22% to 25% throughout the 92 communities served.
- Child Care Programs should expand service to up to twenty five communities through grants in those communities. On average, over 5,9600 children will be served each month.
- Bulk fuel storage facility problems will be fully resolved in up to eight communities by constructing new facilities.
- Technical and financial assistance will be provided to rural communities that have the lost the ability to generate or transmit power.
- 12 more rural communities will have been provided adequate utility bookkeeping systems.
- In partnership with banks, issue at least 15 RDIF loans to start, strengthen or expand businesses.
- Support 12 regional economic development organizations serving urban and rural areas through the ARDOR program.

Major Changes and Key Issues

Focus Tightened for Division of Community and Rural Development

The department envisions the remaining components of this division as being the lead in responding to welfare reform and work force development reform for the Knowles Administration where day care/child care and job training will be keys to success.

State "One-Stop" Jobs Initiative Awarded Federal Grant

The U.S. Department of Labor has awarded the State of Alaska a three-year grant to help the state implement its "one-stop" Work Force Development System. Three One-Stop Job Center sites are currently open in Juneau, Ketchikan, and Eagle River with an additional center due to open in Bethel before the end of the year.

US Department of Labor Welfare to Work Grant

The Department will be receiving a grant of approximately \$5.4 million over two federal fiscal years to provide assistance and support in moving the hardest-to-employ welfare recipients from dependency to self-sufficiency. The objective is to assure that welfare recipients find and retain unsubsidized jobs.

Division of Energy Concentrates on Alternative Funding for Rural Programs

The Division of Energy is concentrating its efforts working as facilitator and in partnership with federal offices and rural communities to obtain federal funds for bulk fuel repairs and upgrades, power systems upgrades and alternative energy.

Power Cost Equalization Nears End of Funding

A Governor's Blue Ribbon Panel is reviewing the structure, impact and funding of the program to make recommendations to the Governor and Legislature on ways of maintaining the objectives of the program within budgetary realities.

Rural Utility Business Assistance Strengthened

The RUBA program focuses on training local government staff to operate their utilities in a businesslike manner. In FY98 the Department received a \$500K grant from the Federal Environmental Protection Agency to expand the RUBA program. With that money and a realignment of existing staff, the division has sharply increased its efforts to assure that small rural utilities operate efficiently.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$0.0	\$99.8	\$99.8
General Funds	\$81,509.5	\$77,479.2	\$81,262.4
Federal Funds	\$18,067.4	\$34,968.2	\$45,308.9
Other Funds - Interagency receipts, etc.	\$29,888.6	\$31,359.1	\$35,467.3
TOTAL BUDGET	\$129,465.5	\$143,906.3	\$162,138.4
Positions - Full-time	174	165	170
Part-time and Seasonal	7	5	3
KEY PROGRAM AREAS (All Fund Sources)			
SAFE Communities / Revenue Sharing	\$53,572.3	\$50,358.0	\$50,358.0
Child Assistance	\$24,005.2	\$25,656.8	\$32,780.6
Job Training Partnership Act	\$6,255.3	\$11,430.0	\$15,872.7
Energy Operations	\$2,287.3	\$1,841.7	\$2,305.4

DEPARTMENT OF CORRECTIONS

Mission

In partnership with the citizens of Alaska, protect the public from repeat offender crime by using the best correctional practices available to provide a continuum of appropriate, humane, safe, and cost effective confinement, supervision, and rehabilitation to people in the Department's custody. The Department will carry out its responsibilities while respecting the rights of victims and recognizing the dignity inherent in all human beings.

Major Goals and Strategies

1 Manage Offender Population to Protect the Public

- Reduce institutional overcrowding.
- Increase Community Residential Centers (CRC) beds.
- Open Valdez Therapeutic Community Program.
- Open twenty beds at Point MacKenzie Farm.
- Establish female facility.

2 Provide Cost Effective Offender Programs and Health Services

- Develop corrections-based victims services.
- Increase monitoring of high-risk sexual predators.
- Operate an in-patient mental health unit for acutely and chronically mentally ill women.
- Finalize the DOC comprehensive mental health plan for Mental Health Trust beneficiaries in the care and custody of the Department.

3 Continue to Improve Management Capabilities

- Automate uniform expenditure projections and controls.
- Reengineer administrative processes.
- Continue development of Integrated Management Information System.

4 Build Community Partnerships

- Work with the public and local governments to meet community jail needs.
- Work with communities to expand jails, prisons and Community Residential Centers where needed

Key Performance Measures

- Reduce overcrowding.
- Operate mental health unit for mentally ill female offenders.
- Open Valdez Therapeutic Community for sixty offenders.

Major Changes and Key Issues

Prison Overcrowding Remains a Key Issue

Despite increased utilization of CRC beds and increasing number of beds under a contract with a private prison in Arizona, Alaska's correctional facilities once again experienced record prisoner counts beginning in the fall of 1997. The department managers spent several months crafting a population management plan for presentation to the court as part of the ongoing Cleary lawsuit proceedings. Overcrowding violates a court order stemming from the case, subjecting the department to cumulative fines that crossed the \$3 million mark in November.

Major Change Underway at Hiland Mountain

In late November 1997 the department began the process of establishing Hiland Mountain Correctional Center as a female facility which includes, for the first time, a designated staffed unit for mentally ill female offenders. This unit is the only one in Alaska to specifically address the needs of mentally ill women and is crucial to reducing clinical and legal recidivism among this population. These steps will resolve another long-standing legal issue over disparities in the facilities and programming the state provides female prisoners.

Division of Institutions

The Division of Institutions operates fifteen jails and prisons throughout the state, which have between fifty and five hundred plus prisoner beds, and also maintains the contracts for out-of-state prisoners. The Division provides

programs for offenders in institutions and under community supervision, which include sex offender treatment, substance abuse treatment, work, educational/vocational needs, batterers programs and religious programs. The Division also provides medical and mental health services to offenders in prisons, community residential centers, the work farm and out-of-state facilities.

Division of Community Corrections

The Division of Community Corrections is comprised of the Interstate Office, the Director's Office, three Regional Probation/Parole Offices (Northern, Southcentral, and Southeast) and the Point MacKenzie Farm. The role of the Division is the supervision of adult felons on probation and parole, supervised in communities across the State of Alaska. Additionally, the Division supervises ninety three misdemeanor and felony offenders at the Point MacKenzie Farm.

The Division of Community Corrections faces a major challenge in handling the increasing numbers of probationers/parolees across the state. The probation/parole offices supervise four thousand one hundred felony offenders.

Alaska Board of Parole

The Alaska Board of Parole functions autonomously within the department. The Board of Parole provides the full range of parole coordination and support functions for this element of the department's prisoner population.

Administration and Support Division

The Division of Administrative Services is responsible for accounting, budgeting, expenditure control, personnel, labor relations, procurement, contracting, Local Area Network/Wide Area Network (LAN/WAN) administration, Management Information System (MIS), maintenance and development, data processing, research, facilities management, and records maintenance for the department. The Division has completed installation of its LAN/WAN and has begun procurement of its new MIS system. In addition, the Division has revamped its personnel acquisition and training processes, continues to implement the Retirement Incentive Program (RIP) and is managing facilities renewal, replacement and expansion projects. The Division also manages local community jail contracts.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$0.0	\$0.0	\$0.0
General Funds	\$130,342.0	\$130,989.7	\$133,116.8
Federal Funds	\$1,719.7	\$4,809.2	\$6,112.5
Other Funds - Interagency receipts, etc.	\$5,071.1	\$5,610.5	\$5,469.3
TOTAL BUDGET *	\$137,132.8	\$141,409.4	\$144,698.6
Positions - Full-time	1,348	1,355	1,363
Part-time	4	4	1
KEY PROGRAM AREAS (All Fund Sources)			
Administration and Operations	\$117,760.5	\$117,276.9	\$118,721.5
Contract Facilities	\$19,372.3	\$24,132.5	\$25,977.1

* Includes reappropriations.

DEPARTMENT OF EDUCATION

Mission

To lead and support the development of responsible, economically viable, lifelong learners and citizens.

Major Goals and Strategies

1 Focus on Learning

- Focus the education system on preparing learners for citizenship, lifelong learning and work.
- Develop student, teacher and school standards to increase student performance.
- Facilitate the use of education technology and information systems.
- Promote and support self-reliance and productivity for those who experience disabilities and their families.
- Protect and preserve all Alaska cultural heritages.

2 Provide Leadership for Effectiveness and Efficiency

- Provide leadership and support for innovative, quality programs which lead to high student performance.
- Involve students, parents, families, businesses and communities in all aspects of student learning.
- Become a customer-service oriented organization, providing support which directly impacts student learning and development.
- Ensure all programs and services are fully accessible to persons with limited access.

3 Advocate Exemplary Practices

- Advocate the use of model programs and alternatives for all learners through collaboration and technology.
- Provide effective multicultural outreach services and opportunities.
- Improve vocational rehabilitation services to individuals from under-represented groups who experience disabilities.
- Assist regions and districts in establishing school-community and school-to-work programs.

4 Inspire Public Confidence

- Promote and inspire public confidence in and support for education.
- Maintain open and continuous communication with the Governor, State Board of Education and legislature regarding education goals to ensure cohesive policy development.
- Tailor communications to various groups, including persons who experience disabilities, to ensure awareness of and access to appropriate resources, education, and assistance.
- Model and expect accountability, integrity and efficiency in providing public education.
- Use technology to facilitate communication throughout the state.

Key Performance Measures

- Provide districts performance standards in reading, writing and mathematics.
- Develop a comprehensive assessment system of multiple indicators in reading, writing and mathematics.
- Develop an Alaska accreditation process through regulation based on adopted school standards by the State Board of Education.
- Develop a recognition program for distinguished schools.
- Develop measures which can be progressively implemented to assist schools to improve student performance.
- Implement teacher licensure program based on state standards.
- Implement a statewide reading initiative to ensure that all fourth graders are meeting the standards to be reading independently.

Major Changes and Key Issues

Quality Schools Initiative

The Governor's Quality Schools Initiative is based on implementing high academic standards for students in the basic skill areas of reading, writing and mathematics. The initiatives include the following:

- An assessment system based on state standards in reading, writing and mathematics.
- Professional standards for teachers and administrators.
- Involvement of families, communities and businesses in education.
- School accountability for student performance.

Resources have been added in the FY99 budget to build the capacity within DOE to support districts in implementing higher standards and assessments. Using a state accreditation process, the department will be able to identify high and low performing schools and when requested, provide additional support to these districts and schools to help improve student performance.

Smart Start

The Governor's Smart Start for Alaska's Children seeks to improve the outlook for Alaska's children by providing basic health care, expanding early childhood programs, and ensuring swift intervention in child abuse and neglect. As part of Smart Start, the FY99 budget restores funding for preschool certification and on-site inspections to improve the quality of preschool programs and ensure that safe, educationally appropriate programs are serving preschoolers and their families.

Foundation Formula

The Governor is introducing legislation that would provide fair and increased funds for education. It will include an additional \$20 million to support implementation of state standards and assessments and an additional \$4.1 million to ensure fair funding in special and gifted education, along with correspondence programs. The legislation will include a one-year hold-harmless provision so that no district will receive less money than last year.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$431.7	\$956.6	\$1,237.9
General Funds	\$679,857.2	\$699,358.3	\$707,457.7
Federal Funds	\$111,702.5	\$129,173.8	\$139,259.3
Other Funds - Interagency receipts, etc.	\$96,245.4	\$91,484.6	\$84,746.4
TOTAL BUDGET	\$888,236.8	\$920,973.3	\$932,701.3
Positions - Full-time	463	459	469
Part-time and Seasonal	112	113	111
KEY PROGRAM AREAS (All Fund Sources)			
Foundation Program	\$643,785.7	\$659,587.4	\$660,931.3
Pupil Transportation	\$32,842.2	\$35,195.2	\$36,620.6
School Debt Reimbursement	\$62,695.9	\$62,288.4	\$60,804.1

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Mission

Protect public health and the environment through a cooperative stewardship with the citizens and businesses of Alaska.

Major Goals And Strategies

1 Protect public health and promote economic development and jobs in rural Alaska through improved sanitation.

- Provide financial assistance and project management on 60 rural sanitation improvement projects, with the overall goal of eliminating the honey bucket by 2005.
- Provide the training, education, and technical assistance necessary for communities to properly operate, maintain, and manage water and sewerage systems to safeguard health and the states investment in sanitation facilities.

2 Improve permit application, approval, and tracking.

- Refine the permit team approach to handling facility permits, giving permit holders and members of the public one primary contact on major projects.
- Build regulatory changes around guidance and compliance, rather than managing exceptions through regulatory language.
- Continue to consolidate and standardize data bases, and develop more efficient, understandable public communication of permit conditions, changes, and status.
- Issue general permits where similar operations are authorized and pose relatively little public health or environmental risk.
- Coordinate North Slope oil and gas permits with other agencies.

3 Develop environmental health and quality measures to give the public a way to judge DEC's effectiveness and guide allocation of resources.

- Develop, through public participation, measures of environmental quality and effective performance.

- Integrate public health and economic indicators into environmental management.

4 Support local efforts by citizens, businesses and communities to safely manage and reduce pollution and hazards.

- Where possible, delegate the Domestic Wastewater program to local governments.
- Procure and position oil spill response equipment in communities for use by local responders.
- In partnership with Anchorage and Fairbanks, develop and implement approaches to reach attainment of the national air ambient air quality standards.
- DEC is working with local communities, stakeholders and other resource agencies to develop watershed partnerships in addressing water quality issues.

5 Ensure the best spill prevention technology is used in the production, storage and transportation of crude oil.

- Improve North Slope spill response strategies and equipment inventories in collaboration with oil and gas producers, the North Slope Borough and federal agencies.
- Complete a comprehensive study comparing spill prevention technologies used worldwide to those now used in Alaska.
- Provide incentives to increase industry spill prevention investments in exchange for reduced spill response investments.

Key Performance Measures

- Reduce by an additional 10 percent the number of rural Alaska homes without safe water and/or hygienic sewage disposal.
- Add 3 data bases for permit tracking, risk analysis, and resource allocation.

Major Changes And Key Issues

Doing it Right

“Doing it Right” is a comprehensive interdisciplinary approach of managing our resources so they can be used, enjoyed and sustained for present and future generations. DEC will challenge and partner with industry, communities and citizens to ensure protection of our air, water, wildlife, and habitat while providing local residents the opportunity to participate and benefit at all levels. A success story in cooperative and innovative approaches is the Ketchikan Pulp Corporation project. For the first time, nationwide, a responsible party has provided funding to a citizens group to critically look at the work that is being done at a pollution remediation site. A technical discussion group was formed to provide assistance to individuals interested in reviewing, understanding and providing comments.

Children’s Health and Safety

DEC pollution standards are explicitly set for the protection of the most vulnerable segments of the population—especially children. During the last six years, the health of over 4,000 rural Alaska children were improved through the provision of safe drinking water and sanitary sewage disposal systems. The accelerated target means at least 1,100 more children per year will lead healthier lives.

Environmental Health Division (EH)

EH is committed to safe water, safe food and healthy communities throughout Alaska. It serves primarily small and medium size businesses (such as restaurants and hospitality, seafood, meat and dairy processors) and communities (for basic public health protection such as drinking water, wastewater disposal, and solid waste management). The division continues to focus on regulatory streamlining, public education and outreach.

Spill Prevention and Response Division (SPAR)

Spill Prevention and Response will implement a three-

year underground storage tank upgrade and closure plan for public and private tanks to comply with the federal December 1998 deadline. It will also increase the number of sites managed under the voluntary cleanup program which encourages responsible parties to cleanup contaminated properties with limited government oversight.

Division of Facility Construction and Operation

The program to sell revenue bonds to finance state loan revolving funds is now authorized. This gives DEC more flexibility in planning and targeting wastewater and solid waste improvements. Implementation of the recommendations of the Governors Council on Rural Sanitation will improve sanitation services in rural Alaska through elimination of honey buckets.

Division of Air and Water Quality

Air and Water Quality will initiate the triennial review of the State’s water quality standards. The division will focus on stakeholder involvement to address water quality issues; will assess the overall air quality issues of the state through statewide monitoring for ambient air quality; and will streamline the Title V air permit process.

Division of Statewide Public Service

Statewide Public Services was realigned to emphasize public access, outreach programs and cross-divisional assistance for businesses and communities. The division will increase partnerships with communities and businesses to help them assess, rank and solve pressing environmental management challenges, including managing and reducing hazardous materials.

Division of Administrative Services

This division will explore more efficient methods of delivering services and information through participation in targeted projects such as the Environmental Council of States Project 2000 automated grants process; one stop shopping for data management; and the Automated Budget System testing and implementation.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$639.3	\$452.7	\$502.7
General Funds	\$15,451.1	\$13,184.6	\$13,444.9
Federal Funds	\$9,269.1	\$12,156.3	\$12,791.1
Other Funds - Interagency receipts, etc.	\$20,942.8	\$20,800.0	\$19,813.8
TOTAL BUDGET	\$46,302.3	\$46,593.6	\$46,552.5
Positions - Full-time	481	483	489
Part-time and Seasonal	16	11	9
KEY PROGRAM AREAS (All Fund Sources)			
Healthy and Safe Communities	\$20,254.2	\$22,801.5	\$22,001.3
Environmentally Sustainable Economic Development	\$26,048.1	\$23,792.1	\$24,551.2

DEPARTMENT OF FISH AND GAME

MISSION

To manage, protect, maintain and improve the fish, game and aquatic plant resources of Alaska. The primary goals are to ensure that Alaska's renewable fish and wildlife resources and their habitats are conserved and managed on the sustained yield principle, and that the use and development of these resources are in the best interest of the economy and well-being of Alaskans.

Major Goals and Strategies

1 Provide opportunities for people to use and enjoy Alaska's fish and wildlife resources.

- Provide for subsistence use of fish and game as the priority use.
- Provide for healthy, sustainable, economically viable commercial fisheries.
- Enhance opportunities for sport fishing, hunting and wildlife viewing.

2 Manage Alaska's fish and wildlife resources based on sound science, good management principles, and a fair and open public process.

- Manage Alaska's fish and game for sustained yield, following objectives established by the Boards of Fisheries and Game.
- Engage in a deliberate, science-based effort, utilizing best available technology, to assure well-informed, sustainable fisheries management.
- Ensure efficient functioning of the Boards of Fisheries and Game to provide a fair and impartial public process for making allocation decisions.
- Help the salmon industry respond to changing market conditions.

3 Maintain, restore or enhance all habitat important to Alaska's fish and wildlife resources.

- Permit development that maintains healthy anadromous streams and wetlands.

- Work with the timber and mining industries to ensure projects meet legal requirements and adequately protect fish and wildlife resources.
- Improve coordination with the Departments of Natural Resources and Environmental Conservation to ensure resource sustainability and multiple use when planning timber sales, oil and gas leases and mining projects.

Key Performance Measures

- Make significant progress toward regaining state management of subsistence hunting and fishing on all lands and waters.
- Meet production and harvest targets set by department managers and the Boards of Fisheries and Game.
- Pursue six new cooperative rehabilitation and enhancement projects with public and private development interests.
- Ensure the opportunity for Alaskans to harvest groundfish in state waters and participate in other developing fisheries such as sea urchins and cucumbers.
- Develop two wildlife management plans based on geographic regions and the interaction of different species, rather than the single species management plans.
- Use improved communications tools to provide greater public access to the department's fish and wildlife information base.
- Increase use of dispute resolution and consensus building processes to improve public involvement in policy and regulation development.

Major Changes and Key Issues

Commercial Fisheries

Increases in worldwide salmon production continue to decrease the market value of Alaskan salmon. The division is working with the Salmon Industry Response Cabinet to improve market conditions, and with fishermen and processors to improve quality. The department is working with hatchery operators, fishers, processors and food banks to ensure full utilization of hatchery salmon and solve problems with hatchery production and financing. To develop under-utilized fisheries, more assessment and management planning are needed, using cooperative funding mechanisms. The division must optimize harvest where hatchery fish are mixed with wild stocks, while obtaining high product quality. This can only be achieved through in-season assessment programs, for which adequate funding is lacking.

Sport Fish

To increase efficiency, management of the Glennallen Management Area was transferred from southcentral region to interior region in FY98. The division is continuing to emphasize assessment of chinook and coho salmon stocks in the Upper Cook Inlet area and to improve access for sport anglers statewide. Assessment of a variety of fish stocks and sport fisheries statewide will be increased during FY99. FY99 will also see an increase in habitat related sport fisheries projects on a statewide basis.

Habitat and Restoration

Alaska continues to serve as a model for habitat protection as we develop oil and gas reserves, ore deposits through hard rock mining, and expand urban and transportation infrastructure. Last year, the number of salmon and

fish protection permits issued rose by 35%. Protecting important habitat as we promote responsible economic growth will provide for the long-term sustainability of our fisheries and wildlife resources.

Subsistence

Providing the continued opportunity for subsistence fishing and hunting in the midst of federal-state jurisdictional uncertainty remains critical. The division and department work closely on this with the Boards of Fisheries and Game. The intervention of the federal government in subsistence management presents the department with increasing management challenges. For example, an increase in staff time is required for coordination and regulator review to ensure that the federal management program does not compromise hunting opportunities on state land.

Wildlife Conservation

Demand for hunting opportunities continues to increase. The Division spends the majority of its funds monitoring wildlife populations so the Board of Game can provide maximum opportunity for hunters. The Division also has several programs that provide opportunities for the public to view and enjoy wildlife. The Division is working to reduce wolf predation on the Fortymile caribou herd so the herd can grow to a much higher level. We continue efforts to fight federal takeover of wildlife management for subsistence purposes and to insure that federal actions do not result in harm to the wildlife populations. The Division is working with several partners to manage wildlife in the Anchorage area to insure public safety while continuing the opportunity to view wildlife within the city.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts / Test Fisheries	\$3,467.2	\$4,474.4	\$6,272.1
General Funds	\$35,999.2	\$34,121.1	\$34,771.7
Federal Funds	\$27,394.0	\$31,272.1	\$32,477.0
Other Funds - I/A receipts, Fish & Game Funds, EVOS, etc.	\$32,041.1	\$32,610.7	\$37,139.3
TOTAL BUDGET	\$98,901.5	\$102,478.3	\$110,660.1
Positions - Full-time	760	779	804
Part-time and Seasonal	1,053	948	953
KEY PROGRAM AREAS (All Fund Sources)			
Commercial Fisheries	\$38,119.3	\$41,963.2	\$41,868.5
Sport Fish	\$18,755.2	\$19,470.8	\$22,619.0
Wildlife Conservation	\$16,113.0	\$16,682.4	\$20,621.5
Habitat and Restoration	\$11,709.4	\$11,728.8	\$11,920.4
Boards, Commissioner, Administration	\$8,576.0	\$6,896.8	\$7,111.5
Subsistence	\$2,894.5	\$2,991.0	\$3,754.9
Commercial Fisheries Entry Commission	\$2,654.1	\$2,645.3	\$2,664.3

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Mission

To promote and protect the well-being of every Alaskan by investing in families and communities.

Long Term Goals

- Help children and families stay healthy and safe.
- Increase the incentives and opportunities for communities to collaborate with the Department to improve results for children and families.
- Help Alaskans be healthier and improve access to basic health care to reduce chronic and preventable disease.
- Assist Alaskans who are elderly or have disabilities to live independently and remain economically secure.
- Move more Alaskans from welfare into jobs so they can support their families.
- Establish an integrated statewide system for data collection, analysis, and reporting which improves services to Alaskans.
- Promote efficient streamlined systems where employees value their work and meet customer needs.

Priority Projects and Strategies

- **Youth and Justice:** Provide a balanced approach of prevention, treatment, and community safety within the juvenile justice system.
- **Child Abuse and Neglect:** Create a system that protects children and helps families earlier.
- **Children's Health Initiative:** Expand comprehensive health care to children in working poor families.
- **Continue building the Alaska Children's Trust** to fund community based initiatives which strengthen families and children.
- **Tobacco:** Decrease tobacco use by young people.
- **Immunizations:** Increase the percentage of two-year-olds who are fully immunized.
- **Public Health Improvement Plan:** Work with communities to define, improve, and strengthen public health in Alaska.
- **Continue working with consumers, policy boards, and the Mental Health Trust Authority** to develop a Comprehensive Integrated Mental Health Plan.

- **Performance Measures:** Continue to make performance measurements part of the Department's operations.

Smart Start for Alaska's Children

Governor Knowles' Smart Start proposal reallocates funds for a combination of proven prevention and intervention efforts to help accomplish the goals for safe, healthy children and strong families.

Children's Health Care

Expand health care coverage to 11,600 children and 800 pregnant women in Alaska's working families with \$7.2 million General Funds (GF) and \$18.2 million Federal funds.

Prevention Programs

- Provide Child Care to one thousand more children with \$1.5 million GF.
- **Expand Infant Learning Programs & Respite Services:** \$100.0 GF will reduce the wait list by approximately twenty five children; and \$100.0 GF will allow up to fifty families to receive respite services.
- **Expand Healthy Families** to six hundred eighty more families: \$2.0 million expands services to three more sites and allows the eight existing sites to serve more families.
- Provide \$200.0 for the **COMMunity Partnership for Access, Solutions and Success (COMPASS)** to add more communities to the thirteen existing COMPASS communities.
- **Increase support for:**
 - Antismoking marketing
 - Tuberculosis control
 - Public Health Nursing
 - Unwed pregnancy prevention
 - Child immunizations
 - Fetal Alcohol Syndrome prevention, and
 - Services to developmentally disabled and mentally ill children.

Child Protection

- Organize Child Protection Teams to achieve zero-tolerance of child abuse and neglect by providing \$2.1 million for child abuse workers, support and staff training in the Division of Family and Youth Services (DFYS) to manage child protection.
- Increase foster care placements to meet 4.5 percent growth demand and subsidized adoption payment demand of 13.2 percent—\$1 million.
- Increase the rate paid to foster parents from \$21.48 per day to \$23.84 per day—\$790.0. The rate paid to foster parents has not increased since 1992.
- Provide additional support to:
 - Family assessment programs
 - Alternative residential care
 - Individualized children's mental health grants
 - Rural mental health and substance abuse grants
 - Youth detention facilities, and
 - Alcohol treatment services for women and children.

Self-Sufficiency

- The Department is working to move Alaskans from welfare into jobs so they can support their families and is assisting those with disabilities to live independently outside of institutions with economic security.
- The FY99 budget is based on a twelve percent caseload reduction for the Alaska Temporary Assistance Program (ATAP). Some of the reduction is reinvested in child care and the Alaska Work Program, but over \$5 million GF is a decrement to offset other increases in the budget.
- During the fiscal year 1998, the Quest program (food stamp electronic benefit) is being piloted in Southeast Alaska.
- The Adult Public Assistance caseload growth will increase 4.6 percent in FY99.

Healthy Alaskans

- Medicaid general fund match will increase by \$10 million primarily due to increases in the elderly and disabled populations.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$3,631.7	\$2,925.0	\$3,975.0
General Funds	\$444,995.9	\$441,817.6	\$439,741.6
Federal Funds	\$342,431.9	\$354,626.7	\$430,356.8
Other Funds - State corp earnings, internal svc, etc.	\$68,621.3	\$77,623.1	\$79,604.4
TOTAL BUDGET	\$859,680.8	\$876,992.4	\$953,677.8
Positions - Full-time	1,667	2,037	2,093
Part-time and Seasonal	63	71	76
KEY PROGRAM AREAS (All Fund Sources)			
Entitlements	\$564,483.1	\$579,586.6	\$633,476.0
Grants	\$110,468.0	\$111,586.7	\$120,324.4
Program Services	\$141,612.4	\$146,316.2	\$159,747.6
General Administration	\$7,319.7	\$7,151.8	\$7,904.6
Facilities/Institutions	\$35,797.6	\$32,351.1	\$32,225.2

Note: These figures include main operating budget and separate mental health appropriation bills.

DEPARTMENT OF LABOR

Mission

To foster and promote the welfare of the wage earners of the state, improve their working conditions and advance their opportunities for profitable employment.

MAJOR GOALS AND STRATEGIES

1 Put Alaskans to work.

- Work with industries that have large numbers or percentages of nonresident workers to provide opportunities for Alaskan workers to be recruited and/or trained for positions in those industries.
- Assist job seekers with improved employment and unemployment services, including early identification and intensive services to likely long-term unemployment claimants, access to self-service job listings through Alaska's Job Bank on the internet, and the elimination of unemployment lines with automated call centers for claimants.
- Build upon and expand the successful partnership with the Division of Public Assistance to move Alaskans from welfare to economic self-sufficiency through work.

2 Ensure that Alaska's workers receive the minimum wages and overtime pay to which they are entitled, are provided safe and healthy workplaces and communities, and are protected from economic hardship when injured on the job.

- Enforce occupational safety and health standards, by increasing employer and worker utilization of consultation and training services. Work in partnership with industry to implement model voluntary programs which ease the regulatory burden and recognize effective employer efforts.
- Continue to work with all interested parties on medical cost containment in treatment of on-the-job injuries.

- Cooperate with the Division of Occupational Licensing to enhance the system of private sector self-inspection in the electrical and plumbing industries by utilizing Department of Labor field inspectors to enforce mechanical and electrical administrator requirements in conjunction with code compliance and worker certification enforcement activity.

3 Provide comprehensive economic and demographic information to facilitate private sector business decisions and support government programs.

- Improve public access to labor market information (LMI) through implementation of LMI-Access, a system capable of providing region-specific LMI via the internet.
- Provide labor market projections to the Alaska Human Resource Investment Council to support informed decisions on the allocation of training resources and track post-training employment of clients to monitor the effectiveness of training programs.
- In cooperation with the U.S. Census Bureau, finalize the identification of census blocks in preparation for the Year 2000 census.

KEY PERFORMANCE MEASURES

- Increase in-state seafood processing hires through Alaska Employment Service by 5%.
- Increase health and safety training to employers and employees by 25%.
- Increase boiler/pressure vessel inspections by 20%.

Labor Standards and Safety Division

The Division will reduce a backlog of boiler and pressure vessels overdue for inspection by cross-training plumbing inspectors to perform these duties. Special emphasis will be given to safety consultation and training, and to enforcement in the logging industry to reduce increasing number of fatalities. The number of workers and businesses served by the Safety Consultation and Training section will be increased through aggressive marketing.

MAJOR CHANGES AND KEY ISSUES:

Employment Security Division

With the final transition to automated telephone filing of unemployment insurance (UI) claims on October 1, delivery of services to the unemployed, particularly in rural Alaska, has been improved by easier filing through a toll-free number and prompter payment of claims. Staff overtime has decreased significantly. With the removal of UI functions from local offices, remaining staff are better able to serve job seekers and employers.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$176.2	\$54.7	\$350.9
General Funds	\$8,675.0	\$8,357.4	\$8,463.9
Federal Funds	\$30,992.4	\$33,515.4	\$33,967.3
Other Funds - Interagency receipts, etc.	\$14,540.6	\$15,908.1	\$14,030.3
TOTAL BUDGET	\$54,384.2	\$57,835.6	\$56,812.4
Positions - Full-time	629	593	561
Part-time and Seasonal	68	79	111
KEY PROGRAM AREAS (All Fund Sources)			
Employment Security/Unemployment Insurance	\$33,590.8	\$35,956.6	\$33,405.9
Workers Compensation	\$5,343.8	\$5,343.0	\$5,352.4
Labor Standards and Safety	\$6,112.3	\$6,268.4	\$6,264.1
Alaska Labor Relations Agency	\$324.4	\$322.3	\$323.2

DEPARTMENT OF LAW

Mission

The department's first primary mission is to assure safe and healthy communities by prosecuting and convicting criminal offenders in urban and rural Alaska. The second is to provide legal advice and represent the state in all actions in which it is a party.

MAJOR GOALS AND STRATEGIES

1 CRIMINAL DIVISION

- Protect the public through effective prosecutions.
- Assist law enforcement agencies with criminal investigations and filing misdemeanor and felony charges.
- Serve as legal advisor to grand juries and represent the state in all phases of criminal trial and appellate proceedings.
- Effectively prosecute domestic violence crimes—both felony and misdemeanor.
- Reduce fraud in benefit programs.

2 CIVIL DIVISION

- Provide effective legal advice and representation of the state.
- Protect Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously.
- Ensure the state receives its correct share of oil and gas taxes and royalties, clarify and improve the rules governing taxpayers to reduce disputes and litigation.
- Resolve questions of state versus federal control and management of natural resources and lands.
- Resolve issues surrounding subsistence use of fish and game.
- Increase collections of money owed the state by businesses and individuals for child support, fines, loans, and other unpaid obligations.
- Ensure the department's revised process for legal review of regulations projects continues to make project completion efficient, timely, and responsive to the needs of agencies and the public.

Key Performance Measures

- Collect at least \$2.3 million in criminal judgments during FY99 including indigent defense costs, costs of incarceration for DWI offenders, and other fines owed the state.
- Complete 2,000 child support enforcement cases in FY99.
- Review 50 percent of all proposed regulations within 120 days of receipt of a request for final review and 75 percent of all proposed regulations within 180 days of a request for a final review.

Major Changes and Key Issues

CRIMINAL DIVISION

Increase Child Protection Efforts

As part of the Governor's child protection initiative, the Criminal Division anticipates that changes in the laws, and increases in the numbers of social workers, police, child advocates, and child protection attorneys, will cause the Criminal Division to have a greater role in pursuing cases involving child abuse and serious criminal neglect. The division is including funding in its FY99 budget to fill vacant positions in the Anchorage District Attorney's Office to not only respond to the anticipated increased number of cases, but also to serve a statewide coordinating role for the most serious child abuse prosecutions.

Implement the Domestic Violence Prevention and Victim Protection Act of 1996

In 1996 the Governor introduced and secured passage of a comprehensive bill addressing domestic violence in Alaska. This legislation made a number of fundamental changes in the way domestic violence cases are handled by police and the courts. The law also requires that additional efforts be made to contact victims in domestic violence cases.

In response the criminal division developed a detailed policy regarding domestic violence prosecutions. As a consequence, domestic violence assaults make up an increasingly large percentage of all assaults sent to criminal division offices for prosecution.

CIVIL DIVISION

Dinkum Sands

Interpretation and implementation issues following the United States Supreme Court decision.

Statehood Compact case

Seeking review by the United States Supreme Court.

Southeast Alaska chinook fisheries

Negotiating with Washington, Oregon, Canada and the Northwest Tribes.

Pacific Salmon Treaty

Defend against new lawsuit brought by Canada against Alaska, Washington, and the United States and lawsuit against Alaska by Canadian fishermen.

Venetie case

Ninth Circuit ruling that Alaska Native Claim Settlement Act (ANCSA) did not extinguish Indian country in Alaska —oral argument held before the United States Supreme Court in December 1997; decision anticipated by June 1998.

Oil and Gas Litigation

A formal hearing decision on a major case involving hundreds of millions of dollars in tax and interest is expected by January 30, 1998. It is likely that the decision will be appealed to superior court, with briefing and oral argument occurring during FY99. Briefing and argument on another major tax decision is also expected during FY99. In addition, attorneys will be working closely with the Department of Revenue to prepare another major production tax case for formal hearing. Litigation of royalty cases are expected to increase in FY99. Finally, attorneys will assist the Department of Revenue in drafting and adopting a large corporate income tax regulations package.

Child Protection Caseload

The child protection caseload continues to increase, particularly in Southcentral Alaska. Existing caseloads are such that attorneys are unable to adequately handle all the cases assigned to them in Southcentral Alaska.

Legal, policy, and budgetary changes are being proposed in FY99 to ensure zero tolerance for child abuse. Based on the Department of Health and Social Services' projected caseload increases and adding more social worker staff, the Department of Law estimates it will need an additional five attorneys and two paraprofessionals statewide, additional to the two attorneys needed in Anchorage to handle existing caseloads.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$0.0	\$0.0	\$0.0
General Funds	\$31,551.4	\$27,730.7	\$27,876.8
Federal Funds	\$331.8	\$482.5	\$474.8
Other Funds - Interagency receipts, etc.	\$16,398.3	\$15,683.8	\$15,930.5
TOTAL BUDGET	\$48,281.5	\$43,897.0	\$44,282.1
Positions - Full-time	446	427	450
Part-time and Seasonal	7	11	13
KEY PROGRAM AREAS (All Fund Sources)			
Criminal Division (incl. Medicaid Provider Fraud)	\$12,865.1	\$15,767.0	\$14,231.1
Civil Division (includes Statehood Defense) *	\$24,423.5	\$20,966.4	\$22,586.0
Administration and Support *	\$0.0	\$1,584.3	\$1,430.3
Oil and Gas Litigation	\$10,992.9	\$7,579.3	\$7,514.7

* Administration and Support was included in Civil Division in FY97.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Mission

Provide relevant, ready, quality forces and services for Alaska and the nation.

Major Goals and Strategies

1 Provide a National Guard force which fulfills state and federal military missions, attracts funding from the federal government, and continues to build leaders and communities.

- Increase the average educational level of Army Guard members.
- Meet the installation readiness level established by National Guard Bureau.
- Improve recruitment, retention, and education levels through a partnership with the University of Alaska.
- Ensure Air Guard Airlift and Rescue squadrons continue worldwide mobility qualification status.

2 Develop a statewide integrated emergency management system to protect the lives and property of Alaskans in time of disaster.

- Establish a cadre of trained reservists to support response and recovery operations.
- Continue to provide communities with a mechanism to assist one another through coordination with the State Emergency Coordination Center.
- Establish state interagency teams with the capability to manage all types of hazards incidents.

3 Help Alaska's at-risk youth gain an education and learn self-discipline.

- Formalize the National Guard Challenge Program as a continuing federal/state program.
- Continue the expansion of Boy Scout and Girl Scout organizations statewide.
- Maintain education and prevention efforts of the Drug Demand Reduction Program.

4 Advocate for veterans' benefits to recognize the sacrifices and achievements of Alaska's veterans and their families.

- Coordinate veterans' benefits by providing a point of contact available to all veterans in the state.

Key Performance Measures

- Increase Guard members' educational level by funding college courses.
- Reduce the deferred maintenance backlog by 5%.
- Test two trained State Incident Management Teams under simulated conditions.
- Maintain the 85% level of successful Youth Corps graduates in school or at work.
- Organize four new Scout Troops by October 1998.

Major Changes and Key Issues

Youth Corp Program

The Youth Corps program was reauthorized by the federal government under new rules. In Federal Fiscal Year 1998, states will be required to match federal funds at 25%. In future years, the funding mix of state funds will increase to 40%. The level of state participation in this program needs to be addressed.

Disaster Relief Fund

Closeout of federal and state disasters is a departmental priority as the Disaster Relief Fund has limited cash resources. The limited cash in the Fund results in delayed reimbursement to communities for their eligible expenditures. The department is also reviewing its policy on advance payments, in particular on federal disasters.

Tanana and Copper River Flood

Localized heavy rains and increased glacier melting resulted in flooding along the Tanana River valley, beginning on July 24, 1997 and lasting through mid August. The Division of Emergency Services sent field teams to Copper Center, Northway, Tok, Tanacross, Delta Junction and Salcha to assist in response, damage assessment and recovery operations. Subsequently, the Governor signed a Declaration of Disaster Emergency on August 26, 1997. Individual assistance applications were taken from forty-three applicants and thirty-one of those were validated and received financial assistance. Currently the public assistance applications are being processed for damages to four communities. The State Disaster Declaration allowed Alaska's Department of Transportation and Public Facilities to access Federal Highway Funds for the substantial road repair along the Alaska Highway, Northway area and Nebesna Road.

Shishmaref Storm

On October 4, 1997 the sea wall at Shishmaref suffered erosion damages from northwest winds and wave action. The Governor signed a State Disaster Declaration for Shishmaref on October 6th. An Interagency Incident Management Team deployed to Shishmaref to work with local government agencies to determine their needs and priorities. Eight homes were evacuated and temporarily relocated in a safe area, reoccupied and are currently awaiting permanent relocation. Twenty-one individual assistance applications were taken with six of those approved for financial assistance. The remaining fifteen were requests for subsistence foods and were addressed through donations. DES coordinated an agreement with the Department of Community and Regional Affairs for sea wall funding, community ordinance changes, erosion and base flood elevation mapping.

Army Guard Issues

Maintaining Alaska Army National Guard relevancy and readiness to fully execute state and federal missions is a department priority. The Army Guard has fostered initiatives resulting in multimillion dollar federal funding for new aviation assets to ensure increased capabilities to react to state disaster emergencies and federal missions. These initiatives have enhanced the Army Guard's integration with the Active Army in the Pacific. However, continued federal funding reductions to the U.S. Department of Defense have started to cause a loss of human assets that are required to support our soldiers. Unchecked, these federal resource reductions will hamper mission readiness. This critical trend must be monitored to ensure an adequate balance of resources and readiness is maintained.

Air Guard Issues

The Air Guard is engaged in important training to prove its capability to deploy anywhere in the world, survive and carry out its missions. The Inspector General of Pacific Air Forces will arrive in the next few months to test the Air Guard's readiness. This is the first time the Alaska Air Guard has approached this level of expertise. Once these inspections are successfully completed, the members of the Alaska Air Guard will be better positioned to continue to offer leadership and career opportunities, and to carry out their share of our national defense commitments.

The Air Guard is working in partnership with the National Guard Bureau and the Air Force to explore a number of potential new mission areas. These efforts could lead to increased opportunities in the Alaska Air Guard in both the Anchorage and Fairbanks areas. These partnerships benefit the state since they are a source of federal dollars and provide jobs for Alaska residents.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$0.8	\$16.4	\$0.0
General Funds	\$7,251.8	\$6,976.2	\$7,493.4
Federal Funds	\$22,214.1	\$25,876.2	\$24,275.6
Other Funds - Interagency receipts, etc.	\$2,591.6	\$2,940.2	\$3,066.5
TOTAL BUDGET	\$32,058.3	\$35,809.0	\$34,835.5
Positions - Full-time	160	161	210
Part-time and Non-permanent	45	47	18
KEY PROGRAM AREAS (All Fund Sources)			
Disaster Planning and Control	\$3,461.1	\$3,491.7	\$3,984.3
National Guard	\$14,609.9	\$18,006.0	\$18,238.2
Veterans and Youth Services	\$4,987.3	\$5,311.3	\$3,613.0

DEPARTMENT OF NATURAL RESOURCES

Mission

Develop, conserve, and enhance natural resources for present and future Alaskans.

MAJOR GOALS AND STRATEGIES

1 Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state.

- Offer 9.3 million acres of state land for oil and gas leasing in two areawide lease sales.
- Work with the federal government to open NPRA to responsible oil and gas development.
- Increase revenues generated from Alaska Mental Health Trust Lands in a manner consistent with trust management principles.
- Produce the geological surveys needed to sustain Alaska's mineral industry investments.
- Increase farm production by 5% (\$1.28 million).
- Identify new areas capable of hosting major oil and gas discoveries with possible natural gas or coalbed methane energy sources for local consumption.
- Generate \$1.2 million revenue from 58.6 million board feet with emphasis on producing value added products.
- Complete ten site-specific land use plans to provide for land use classification for development projects, participate in highway corridor plans (two), trail plans (twenty) and TRAAK initiatives (ten).
- Process, adjudicate and enter into the Land Records Information System 15,000 new mining claims, twenty new leases and 5,000 new prospecting sites.
- Amend the Prince of Wales and Susitna Area Plans, initiate the Central Southeast Area Plan and complete Kenai Area Plan.

2 "Doing it right": Ensure resource development planning, management, and new project approvals are based on sound science and protection of public health, air and water quality, and fish and wildlife habitat.

- Evaluate areas subject to major hazards like floods, earthquakes, volcanic eruptions, and landslides to help predict likelihood and severity of future major events.

- Implement the Kenai River Plan.
- Complete master plans for Nancy Lake State Recreation Area, Independence Mine State Historical Park, and Ninilchik/Deep Creek, and help implement the of South Denali Concept Development Plan.
- Complete the Statewide Comprehensive Outdoor Recreation Plan (SCORP).
- Publish ten five-year schedules of timber sales to identify issues associated with individual sale areas.
- Participate in a Brown Bear Conservation Strategy with federal and state resource agencies as part of the resource development planning process on the Kenai Peninsula.

3 Ensure resource sustainability and multiple use, including recreational enjoyment of the resource base.

- Maintain park access for five million visits at one hundred nineteen state park units.
- Successfully contain five to six hundred wildfires.
- Provide an expanded agriculture base by preparing twenty five land disposal packages and twelve lease opportunities on grass land areas.
- Develop a plan for a statewide trail system, in coordination with other state agencies.
Reforest one thousand three hundred fifty acres of forest land, survey seven hundred acres for regeneration, and review one thousand eight hundred acres of private land for successful reforestation.

4 Streamline natural resource leasing, sales, and permitting processes.

- Continue documenting and improving department business processes by eliminating activities not mandated by statute or regulation.
- Complete automation of graphic land records for four hundred twenty townships so land ownership and resource information can be combined.
- Explore increased use of inter-division teams to streamline business processes.

5 Ensure meaningful public participation in resource management issues.

- Conduct public outreach meetings of thirteen Parks Citizen Advisory Committees.
- Secure public participation in forty scheduled timber sales through public meetings.
- Participate in ten Citizens Advisory Committee meetings on management of the Tanana Valley State Forest.
- Conduct and/or attend at least ten public meetings on oil and gas lease sales and prepare informational materials.
- Respond to thirty thousand inquiries for natural resource information.

Key Performance Measures

- Offer 9.3 million acres of state land for oil and gas leasing in two areawide leases.
- Administer and facilitate the issuance of fifteen thousand mining claim permits.
- Maintain and operate one hundred nineteen state park units.
- Generate \$1.2 million from sale of forest products and offer approximately 58.6 million board feet of timber.
- Continue development of outcome based performance measures.
- Take title to at least ten thousand acres of Mental Trust land selections on federal land.
- Acquire ninety thousand acres of land for Alaska.

Major Changes and Key Issues

Areawide Leasing

By the end of FY99, DNR will have held areawide lease sales on the North Slope and in Cook Inlet. Under this new process, adopted unanimously by the Legislature, a single Best Interest Finding for each area will cover ten years and allow annual lease sales without having to go through an entire best interest finding process.

Permit Streamlining

DNR will continue to work actively with other permitting agencies to support streamlining efforts and to develop a single application form.

Value-added Timber Sales

The Department will have implemented the Governor's value-added legislation by negotiating contracts with individuals and companies who agree to use the timber to process value-added products in Alaska.

Performance Review

DNR will continue to review our products and services (outputs) and results (outcomes) in relation to the Administration's goals to analyze the resources necessary to produce them. A measurement method will be developed to ensure that our products and services influence the Department's outcomes to be efficient and effective.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$1,221.6	\$3,203.4	\$3,324.2
General Fund	\$50,073.9	\$39,168.3	\$39,396.8
Federal Funds	\$14,445.1	\$10,851.4	\$9,049.2
Other Funds - Interagency receipts, etc.	\$12,420.6	\$11,506.6	\$10,086.2
TOTAL BUDGET	\$78,161.2	\$64,729.7	\$61,856.4
Positions - Full-time	571	563	554
Part-time and Seasonal	231	232	243
KEY PROGRAM AREAS (All Fund Sources)			
Oil and Gas Development	\$4,221.5	\$4,228.3	\$4,424.3
Resource Development and Administration	\$37,185.5	\$35,054.3	\$32,900.7
Parks and Recreation Management	\$7,744.1	\$7,330.3	\$7,299.5
Recorder's Office	\$2,265.4	\$2,249.1	\$2,249.1
Historic Preservation	\$1,142.4	\$1,252.4	\$1,252.4
Agriculture	\$2,566.8	\$2,202.0	\$2,611.5

DEPARTMENT OF PUBLIC SAFETY

Mission

The mission of the Department of Public Safety is to maintain a commitment to all Alaskans to help ensure a safe, orderly, and positive environment, so children and families can work, live, and learn without fear of violence. This commitment is delivered through statewide police, emergency response, fire safety and other vital public safety services.

Major Goals and Strategies

1 Preserve the public peace, enforce specific laws, prevent and detect crime, apprehend offenders, protect life, property and Alaska's fish and wildlife resources.

- Deter fatal traffic accidents by a combination of speed enforcement, DWI enforcement, public education, and accident analysis.
- Reduce domestic violence and sexual assault throughout Alaska.
- Increase visibility of Fish and Wildlife Troopers in the field by contacting more resource users.

2 Provide statewide criminal justice training, information, person identification and forensic services.

- Integrate Criminal Justice Agency Information Systems—Continue to integrate criminal justice agency computer systems to ensure essential criminal justice information is available on-line to Alaska's 4,500 criminal justice professionals who are involved in decisions regarding investigations, arrest, sentencing, release from custody, employment, licensing and other purposes.

3 Promote ways to protect life and property against fire, explosion and panic.

- Develop a Statewide Fire Suppression Strategy to identify a planning framework with state, local and media participation to educate the public on the magnitude of fire related issues. Identify a balanced approach to fixing responsibility and resources needed to save lives, property and associated costs.

Key Performance Measures

Alaska State Troopers (AST)

- Maintain the current level or fewer incidents of fatal motor vehicle traffic accidents involving alcohol and or drugs occurring in AST areas of responsibility during FY99.
- Increase enforcement of sex offender registration laws so that attempts are made to contact 100% of all those required to register.

Fish and Wildlife Protection (FWP)

- Reduce the number of sport fish and wildlife violations by increasing the number of contacts with recreational hunters and fishermen statewide by 1.5% (approximately 800 more contacts).
- Reduce the number of commercial crab fishery violations by increasing enforcement patrol contacts with commercial crab fishermen by 5%.
- Reduce the number of sport fish violations in Bristol Bay drainages as an attempt to protect spawning stocks of red and king salmon by increasing the number of contacts by 25% (approximately 178 more contacts).

State Fire Marshal/Division of Fire Prevention

- Increase by 10% the number of fire investigations conducted by the State Fire Marshal's Office.
- Complete over 1,000 building plan reviews for new construction in 277 communities and all unincorporated areas of the State.
- Maintain the number of life safety/fire prevention education programs at the current level of 1,200 per year.
- Reduce and then maintain a fire injury and life loss rate below 200% of the national per capita average.

Major Changes and Key Issues

Children's Initiative

AST Detachments would receive \$1,518.8 under the children's initiative to address child protection issues. This increment will permit filling of approximately twenty trooper recruits attending the fall 1998 and spring 1999 Alaska Law Enforcement Training (ALET) academies. VPSO contracts would receive \$428.0 to fill at least five vacant VPSO's and some equipment so that rural Alaska has more staff to address children's issues.

Alaska Public Safety Information Network (APSIN) would receive \$181.2 to provide the automated access needed for existing staff in all related agencies to do their jobs more effectively.

Court Security

The Alaska Court System has included \$1,417.0 in its FY99 operating budget request for twenty-two new Court Security Officers. If the issue remains unaddressed, the Chief Justice of the Supreme Court may order the department to take Troopers off the street to assign them courtroom duties. AST Detachments would receive \$691.3 to partially restore trooper enforcement. This increment will permit filling of approximately eight trooper recruits attending the fall 1998 and spring 1999 ALET academies.

Fish and Wildlife Protection

To increase FWP enforcement, \$312.0 will be used to fill existing Trooper positions that would otherwise be kept vacant.

Village Public Safety Officer (VPSO) Turnover

With a 43% turnover rate the past five years, it is difficult to maintain trained veterans in rural Alaska where the VPSO is typically the sole first responder to any type of public safety emergency. With \$508.2 for a 12% salary increase, VPSO retention should improve.

Improved Technology for Law Enforcement Statewide

The Crime Lab will receive \$238.5 to implement DNA testing and to maintain DWI testing capability now that federal funding sources are exhausted.

Records and Identification will receive \$116.0 to locate Alaska's criminal fingerprint records with the Western Identification Network (WIN) to improve Alaska's ability to identify criminals.

Criminal Justice Policy Initiatives

Criminal justice and social service agencies will have direct electronic access to a domestic violence protective order file, and a new flagging feature allowing to identify criminal convictions involving domestic violence.

Key to addressing juvenile crime, law enforcement and youth justice agencies require efficient access to juvenile criminal history information which is driving an initiative to explore how to best capture and automate these records.

Legislation to adopt an amendment to the Interstate Compact on Juveniles will be pursued to permit law enforcement officials in Alaska to participate in a national system to notify all states on wanted Alaska juveniles in the event wanted juveniles are detained by another state.

Fire Safety

Fire fatalities in Alaska are three times the national per capita average. During the first eleven months of 1997, there have been thirteen deaths due to fire. DPS is reviewing with the fire prevention industry ways to strengthen fire education, early detection and early intervention to help reduce loss of life and property.

Commercial Fisheries Enforcement

Beginning with FY98, criminal fines and forfeitures are being used to strengthen detection and prosecution of criminal violations of Alaska's fish and game laws. The Department has purchased a 156' patrol vessel to enhance commercial fisheries enforcement in western Alaska.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$862.8	\$0.0	\$388.3
General Funds	\$76,694.5	\$75,776.5	\$80,168.8
Federal Funds	\$6,065.4	\$9,010.2	\$8,807.3
Other Funds - Interagency receipts, etc.	\$4,956.8	\$6,022.5	\$7,011.6
TOTAL BUDGET	\$88,579.5	\$90,809.2	\$96,376.0
Positions - Full-time	738	736	760
Part-time and Non-Permanent	31	33	30
KEY PROGRAM AREAS (All Fund Sources)			
Justice Enforcement and Public Safety	\$73,333.4	\$75,163.2	\$80,407.3
Fish and Wildlife Protection	\$15,246.1	\$15,646.0	\$15,968.7

DEPARTMENT OF REVENUE

Mission

To collect the correct state tax equitably, efficiently and expeditiously to fund services for Alaskans; to prudently manage the state treasury and the state pension funds; to ensure that eligible Alaskans receive their permanent fund dividends promptly; to ensure that children receive the financial support they need through the establishment and enforcement of child support orders; to issue charitable gaming licenses and permits and ensure that the state and charities receive the amounts to which they are entitled; to regulate the manufacture, barter, possession and sale of alcoholic beverages in the state; and to provide administrative support to the Alaska Permanent Fund Corporation, the Alaska Housing Finance Corporation, the Alaska Mental Health Trust Authority, and the Alaska Municipal Bond Bank Authority.

Major Goals and Strategies

- In the area of child support enforcement, provide quicker response time for parents with problems or questions, expand the rural outreach program to include all regions of the state, increase automation of cases, and increase client access to child support information through the Internet.
 - Provide for electronic payment of taxes and filing of income and excise tax returns. Options include Automated Clearinghouse payments (ACH) and Internet filing.
 - Provide for the electronic filing of monthly severance tax returns for oil and gas taxpayers.
 - Begin implementing enhanced methods of filing for the 1999 Permanent Fund Dividend which will provide applicants with the option of paperless filing.
 - Assist state agencies in making the transition to electronic payments for taxes and fees.
 - Complete the creation of a second general investment pool to increase the returns of those funds with longer time horizons and greater risk tolerance.
 - Increase child support collections from parents whose children have received Alaska Temporary Assistance from \$24.7 million in FY97 to \$25.5 million in FY99.
 - Develop and pass legislation to streamline financial reporting of charitable gaming activities. Income and Excise Audit Division (IEAD) proposes to adopt a "percentage of gross" method of calculating amounts paid to charities and the state.
- Continue the transition to real-time monitoring of oil and gas markets to reduce the number of issues under production tax audits.

Key Performance Measures

- CSED will increase the number of children receiving child support by increasing the number of child support orders established from 3,600 in FY98 to 4,000 in FY99.
- IEAD will develop electronic payment/filing systems for two income or excise tax programs, with a goal of 40% taxpayer participation.
- The Oil and Gas Audit Division will complete and implement an electronic tax filing system by December 1998.
- Treasury will review investment performance quarterly to ensure the goal of meeting or exceeding investment benchmarks.

MAJOR CHANGES AND KEY ISSUES

Child Support Enforcement Division

The division continues to focus on providing children with the support they need to grow and thrive. The amount disbursed to families will continue to increase as the division becomes more efficient. The division will also dramatically increase its focus on the correct determination of child support obligations and will clearly communicate these rights and obligations to all parties affected by the division's actions.

Income and Excise Audit Division

The most significant change in IEAD is elimination of division status for charitable gaming and the integration of its operations into this division. The challenge is to increase the gaming proceeds paid to charities and to continue and improve administration of the program with fewer resources.

Oil and Gas Audit Division

The division has transitioned to a smaller staff with more real-time monitoring of oil and gas markets, thus reducing the number of issues under audit and the number of audit hours required to effectively review tax returns and ensure that the correct tax has been paid. The challenge will be to maintain the timeliness of audits with reduced resources.

Permanent Fund Dividend Division

In FY99, the PFD division will begin to phase in changes to the way applications are processed. The enhanced system will provide past-year applicants with a faster,

more efficient means of filing for the next dividend, while reducing the amount of paper applications processed by the division.

Treasury Division

In FY99 the division will focus on meeting or exceeding the investment benchmarks for all funds managed by the division. The staff will also assist other agencies in converting to electronic payments and automated draw downs for federal funds.

Administrative Services Division

The Administrative Services Division has restructured and streamlined its functions in FY98 resulting in a proposed 10% reduction in staff for FY99 and significant savings to the department. ASD will continue to reevaluate administrative processes and investigate delegation to divisions with the goal of further streamlining its functions and increasing savings to the department.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$0.0	\$0.0	\$0.0
General Funds	\$12,130.3	\$10,706.6	\$11,238.0
Federal Funds	\$26,423.8	\$28,193.0	\$29,001.1
Other Funds - Interagency receipts, etc.	\$77,535.3	\$89,952.7	\$105,781.1
TOTAL BUDGET	\$116,089.4	\$128,852.3	\$146,020.2
Positions - Full-time	791	788	794
Part-time and Seasonal	111	104	86
KEY PROGRAM AREAS (All Fund Sources)			
Permanent Fund Dividend Division	\$4,925.0	\$4,669.4	\$4,662.9
Child Support Enforcement	\$15,660.3	\$15,927.3	\$17,135.2
Oil and Gas Audit	\$3,090.4	\$2,754.8	\$2,754.3
Income and Excise Audit	\$3,441.3	\$4,032.5	\$4,042.2
Treasury Management	\$2,784.4	\$2,911.0	\$2,916.2

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Mission

To improve the quality of life for Alaskans by cost effectively providing, operating and maintaining safe, environmentally sound and reliable transportation systems and public facilities.

Major Goals and Strategies

1 Improve the way Alaska builds and maintains its transportation system, with a significant commitment to public participation in development of the State Transportation Improvement Program (STIP) and the capital budget.

- Bring Alaska's portion of the National Highway System up to first class standards by 2010.
- Competitively select community transportation projects on a statewide needs basis.
- Evaluate new transportation segments which might support significant economic development.
- Incorporate trails, recreational activities, scenic enhancements and visitor services in our transportation program.

2 Protect Alaska's investment in infrastructure by maintaining and operating over 13,000 state lane miles of roads, almost 700 buildings, over 250 rural airports and 80 ports and harbors.

- Invest federal construction funds in projects which reduce maintenance costs.
- Use regional maintenance equipment pools, which will be quickly shifted to the highest need, to reduce the number of maintenance vehicles.
- Implement a management structure which will identify and transfer cost saving maintenance techniques to other regions.
- Encourage local governments to assume ownership of local facilities.
- Work toward implementing a stable funding base for operation, maintenance and improvements of facilities.

3 Operate the Alaska Marine Highway to meet the surface transportation needs of Southeast, Southwest and Southcentral Alaska communities.

- Refurbish and maintain vessels to allow for continued operation.
- Reduce losses on vessel services which are not required for safety reasons.
- Work with communities to promote system use.
- Provide efficient, improved services to the public.

4 Maintain, operate and promote Anchorage and Fairbanks International Airports, which are vital to the state's economy.

- Maintain and construct infrastructure to give Alaska a competitive market advantage, especially for international and domestic cargo traffic and tourism.
- Maintain and construct infrastructure to meet both required safety standards and capacity demands.

Key Performance Measures

Highways and Aviation

- Increase revenues to support rural airports by 25%.
- Chip seal or pave ten miles of gravel roads and turn over to local governments.
- Complete statewide and area plans that guide transportation investments.
- Establish a means to collect and use fees generated from out-of-state trucks operating in Alaska.

Alaska Marine Highway System

- Implement an integrated safety management system to meet International Maritime Organization standards and obtain certification.

- Increase the number of private travel agencies with direct access to AMHS reservation system by six.

International Airports

- Develop terminal expansion and renovation program to meet capacity and service requirements for current and projected growth.
- Promote international passenger activity and additional cargo hubs.
- Begin a general aviation support program to improve communications, tiedown oversight and safety.

Major Changes and Key Issues

An overall review of the department's structure and organization was completed to reexamine the department in light of significant pressure to meet new and additional responsibilities and live within a reduced operating budget. A reorganization combined the Southeast Region and the Alaska Marine Highway System into one unit, brought all design activities under the Division of Design and Engineering Services, and transferred reporting responsibilities for personnel, payroll and fiscal operations to Headquarters Administrative Services. The end result of this reorganization was the reduction of over one hundred positions.

Maintenance and Operations

DOT has negotiated an agreement with the Environmental Protection Agency and the Municipality of Anchorage regarding responsibilities for dealing with storm water discharge in the Anchorage metropolitan area. The agreement establishes specific compliance and monitoring

activities within this area and identifies monetary penalties for noncompliance. The budget reflects a \$700,000 increase to Highways and Aviation to meet the state's responsibilities under this agreement.

Measurement Standards and Commercial Vehicle Enforcement

In light of under-funding, the division needs the ability to properly collect permit fees for out-of-state trucks especially at border crossings. Monitoring of these vehicles is necessary to assure vehicle safety and that fees are collected to help finance the enforcement functions. Twenty-four hour watches at weigh stations at the borders can prevent unsafe vehicles from entering Alaska along with similar coverage at interior facilities to keep them off the roads. Legislation is being introduced to allow for the collection of these permit fees.

Alaska Marine Highway System

In the beginning of June 1998, the Malaspina is planned for day boat operations in the North Lynn Canal area. Also in June 1998, another main line vessel will come on line, the M/V Kennicott. It will be serving the southeast area, plus monthly cross-gulf trips.

International Airport System

The Anchorage International Airport is embarking on a revitalization program to bring inadequate and aged facilities up to today's requirements and prepare for the future. The airport terminal expansion project is critical to providing the capacity to meet these demands. The Gateway Alaska initiative not only includes this airport terminal project but also infrastructure improvements leading to the airport.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$524.3	\$208.4	\$298.4
General Funds	\$127,329.8	\$128,839.9	\$130,962.6
Federal Funds	\$589.3	\$1,659.7	\$1,358.9
Other Funds - Interagency receipts, etc.	\$192,735.2	\$213,221.1	\$200,581.1
TOTAL BUDGET	\$321,178.6	\$343,929.1	\$333,201.0
Positions - Full-time	2,710	2,729	2,727
Part-time and Non-Permanent	695	697	649
KEY PROGRAM AREAS (All Fund Sources)			
Administration	\$12,551.9	\$11,632.0	\$11,697.5
Planning	\$5,670.5	\$5,883.7	\$5,901.6
Design/Construction	\$54,371.1	\$64,946.1	\$57,781.4
Maintenance/Operations	\$111,683.6	\$115,877.8	\$113,919.9
International Airports	\$37,149.6	\$38,802.6	\$38,966.3
Marine Highways	\$70,944.6	\$75,910.8	\$73,279.0
Measurement Standards & Commercial Vehicle Enforcement	\$0.0	\$3,421.6	\$3,496.9

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

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International Airports	\$37,149.6	\$38,802.6	\$38,966.3
Marine Highways	\$70,944.6	\$75,910.8	\$73,279.0
Measurement Standards & Commercial Vehicle Enforcement	\$0.0	\$3,421.6	\$3,496.9

UNIVERSITY OF ALASKA

Mission

The primary mission of the University of Alaska is to provide for the public postsecondary educational needs of the citizens of Alaska. The university incorporates the traditions of the land-, sea-, and space-grant institutions as well as the traditions of the community college movement in focusing its instruction, research and scholarship activities on the educational, cultural and developmental needs of the state and its people. The University of Alaska achieves its missions through a system of three main regional university centers, regional colleges and extension programs.

Major Goals and Strategies

1 Protect existing university services for a growing Alaska population.

- Provide quality educational programs to meet the needs of Alaska's growing population.
- Alaska's population is increasing by approximately 2.5% each year. By 2005 the number of high school graduates is projected to increase nearly 20% over 1997 levels. The university must be ready to meet the needs of these new students.
- Provide a safe and well-maintained educational environment.

2 Advance the university's capacity to fully serve the people of Alaska.

- Strengthen efforts to attract and retain Alaska students in Alaska. The percent of Alaska high school graduates who attend higher education is significantly lower than it is in most other western states. Of those Alaska graduates who do attend higher education, more than half attend school out of state. Studies show that UA students are 50% more likely to remain and work in Alaska than those who attend universities out of state.
- Maximize access to instructional resources through the development and utilization of emerging instructional technologies. Distance delivery offers opportunities and alternatives to make educational programs accessible to all Alaskans, regardless of their place of residence. The university needs to capitalize on these opportunities to provide better services at a lower cost. However, the university currently lags behind national standards for computer access and availability.

- Emphasize programs that meet Alaska employment needs. Although Alaska's population is relatively well educated, many of the state's best paying jobs are held by nonresidents. University programs can help bridge this gap.
- Focus applied and basic research on issues and concerns of particular interest to Alaska and the Arctic. Research is an important part of the university's mission and plays a vital role in the state's economy. In FY97 each state dollar appropriated to UA for research attracted nearly \$4 from other sources.

3 Stress academic and fiscal effectiveness and accountability in three major areas: Administration, faculty productivity, and delivery of instructional services at extended campuses.

- Due to smaller student populations which negate certain economies of scale, administrative costs at UA are proportionately higher than they are in other state university systems. The university is evaluating ways to minimize these costs, including standardization, consolidation, collaboration, centralization or decentralization of services, and privatization.
- The university also seeks to maximize existing faculty resources through utilization of optimum workloads, appropriate use of adjunct faculty, and the maintenance of competitive, market-driven salary and benefit structures.
- The university's mission of providing for the postsecondary educational needs of all Alaskans includes rural Alaskans. The university is evaluating ways to utilize modern technologies or other strategies to provide better service at a lower cost to these areas.

Key Performance Measures

- Over the three-year period ending June 30, 1999:
- Increase freshman enrollments by 5%;
 - Increase retention of students by 10%;
 - Increase graduation rates by 5%;
 - Increase course offerings for vocational-technical education by 5%;
 - Increase faculty productivity by 15%.

Major Changes and Key Issues

In building its FY99 operating budget request, the Board of Regents seeks to halt the cumulative decline in resources that has occurred over the last decade and continues to occur. This year's request represents the minimum funding level needed to maintain the university's essential programs and services, which include the following issues:

Well-maintained facilities

In the absence of adequate capital budgets, it is necessary to fund the renewal and replacement of shorter-term facility components in the operating budget in order to provide students a safe and well-maintained learning environment.

Quality faculty and staff

Rebuild the full-time faculty to replace those who elected the retirement incentive program, while continuing to provide adequate salaries to attract and retain quality employees.

Adequate library resources

Maintain deteriorating library resources and meet new demands for library technology, without which both traditional and distance delivery of educational programs and services simply will not be possible.

This request follows several years in which the university has struggled to identify the resources necessary to continue to provide quality educational programs that are accessible and relevant to Alaska's diverse and dispersed population. This has become increasingly difficult as the combined effects of inflationary pressures and continued declines in state support take their toll.

The decline in the purchasing power of general fund dollars has been offset in part by increases in student tuition and fees, which have more than doubled during the last decade. In FY97 however, increases in tuition rates were more than offset by decreases in enrollments, resulting in a decrease in tuition and fee revenues of nearly \$700,000.

The decline in the purchasing power of general fund dollars has also occurred during a time when there is increasing pressure to invest in building maintenance and instructional technologies. Reallocating funds to these important needs cannot be done without cutting other important services.

The Board of Regents' FY99 operating budget request seeks not to restore but to halt the gradual decline in resources described above. The university simply cannot continue along the current path without dramatically reducing services to students and the State of Alaska.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
General Funds	\$167,693.6	\$164,138.1	\$167,177.1
Federal Funds	\$42,457.1	\$67,552.1	\$58,000.0
Other Funds - Tuition, Fees, Interagency, etc.	\$164,665.7	\$211,148.6	\$218,050.6
TOTAL BUDGET	\$374,816.4	\$442,838.8	\$443,227.7
Positions - Full-time	3,469	3,471	3,387
Part-time and Seasonal	244	242	233
KEY PROGRAM AREAS (All Fund Sources)			
University of Alaska Anchorage	\$125,012.6	\$139,658.5	\$143,762.6
University of Alaska Fairbanks	\$200,036.9	\$246,824.3	\$238,216.4
University of Alaska Southeast	\$23,445.6	\$26,802.9	\$27,946.7
Statewide Programs and Services	\$26,321.3	\$30,105.8	\$30,412.5

* Note: FY98 Campus numbers do not reflect unallocated cuts.

OFFICE OF THE GOVERNOR

The Governor's major program priorities are outlined earlier in this book. This section provides information on several agencies which are administratively located in the Governor's Office.

Lieutenant Governor

The Lieutenant Governor has statutory responsibilities for elections, regulations, the Administrative Code and Journal, and notaries. She leads several special projects for the Governor, including subsistence, state telecommunications policy and the State and Federal Land Managers Forum. She also serves on the board of the Alaska Science and Technology Foundation.

Office of Management and Budget

OMB is responsible for developing and implementing fiscal policy and the state's annual budget and for ensuring that they reflect the administration's policies and programs. Key goals, strategies and initiatives are in the budget discipline section of this book.

Division of Governmental Coordination

DGC manages the Alaska Coastal Management Program, provides one-stop permit information to developers and coordinates the State's interagency effort to streamline permitting. DGC also is the State liaison to federal agencies conducting activities under the Alaska National Interest Lands Conservation Act, the Outer Continental Shelf Lands Act and other federal laws that significantly affect our state.

Commission for Human Rights

The Commission enforces Alaska's Human Rights law by impartially investigating complaints of discrimination and obtaining relief as appropriate. The Commission provides public education through response to inquiries, presentations and distribution of educational materials.

Office of Equal Employment Opportunity

OEEO's mission is to improve representation of minorities and women in the work force, as prescribed by law. It reaches out to key constituencies, including minority and women's groups, community organizations and State agencies to increase the number of qualified applicants and ensure fair employment practices in Alaska state government.

Division of Elections

The Division conducts statewide elections, as well as local and regional elections in the unorganized borough. It maintains statewide voter registration records, determines precinct boundaries and polling places and provides limited technical assistance to municipalities.

Key Performance Measures

- OMB will implement the new computerized operating budgeting system on a pilot basis in seven executive branch departments.
- DGC will bring affected local coastal districts and state and federal agencies together to resolve issues and grant approvals for 400 coastal projects.
- Human Rights Commission staff will conciliate or transfer 50 cases to its public hearing unit in FY99.
- OEEO will adopt regulations to implement its statutory responsibilities in FY99.
- The Division of Elections will conduct the statewide primary on August 25, 1998 and the general election on November 3, 1998.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Designated/Statutory Program Receipts	\$0.0	\$0.0	\$0.0
General Funds	\$17,523.0	\$15,508.5	\$17,750.1
Federal Funds	\$3,022.5	\$2,906.6	\$2,936.3
Other Funds - Interagency receipts, etc.	\$378.7	\$514.7	\$399.2
TOTAL BUDGET	\$20,924.2	\$18,929.8	\$21,085.6
Positions - Full-time	178	180	180
Part-time and Seasonal	3	2	4
KEY PROGRAM AREAS (All Fund Sources)			
Human Rights Commission	\$1,173.9	\$1,323.8	\$1,453.6
Equal Employment Opportunity	\$247.8	\$270.8	\$270.7
Elections	\$3,848.7	\$2,011.6	\$4,102.6
Office of Management and Budget	\$2,159.6	\$2,485.6	\$2,368.1
Division of Governmental Coordination	\$4,569.3	\$4,137.2	\$4,136.6

ALASKA MENTAL HEALTH TRUST AUTHORITY

Mission

Administer the Mental Health Trust established in perpetuity for its beneficiaries, including Alaskans who experience mental illness, mental retardation or similar disabilities, chronic alcoholism with psychosis, or Alzheimer's disease or related dementia. The Authority has a fiduciary responsibility to enhance and protect the Trust and to provide leadership in advocacy, planning, implementing and funding of a comprehensive Integrated Mental Health Program to improve the lives and circumstances of its beneficiaries.

Major Goals and Strategies

- Develop the Comprehensive Integrated Mental Health Plan in conjunction with the Department of Health and Social Services, Administration and Corrections.
- Review recommendations submitted by the four beneficiary boards and commission and recommend to the Governor and legislature the level of General Fund/Mental Health (GF/MH) funding for the Comprehensive Integrated Mental Health Program for the base, base adjustments and increments to the base to ensure continuation of statewide mental health services.
- Oversee the Trust Land Management Office to ensure that revenue goals are met and make decisions on Trust Land activities.
- Oversee the management of cash assets by the Alaska Permanent Fund Corporation and make asset allocation decisions.
- Utilize Trust income to assist state government in improving service delivery by providing funds for service system reengineering; assist in service delivery transition; leverage other funding sources; fund pilot projects and exact a higher level of accountability for operating and capital projects.
- Develop policies and procedures for funding and reporting on mental health issues, programs and projects.
- Advise the Congressional delegation, Alaska Legislature, Governor and other state entities of the needs of beneficiaries and necessary changes to current policies.

Key Performance Measures

- At least seventy five percent of projects funded by Trust income will report specific performance measurements that document improvements in the conditions of Trust Beneficiaries.
- Leverage at least \$5.5 million into the General Fund/Mental Health (GF/MH) Appropriation Bill from funding sources other than Trust Income.
- Establish results and indicators for the Comprehensive Integrated Mental Health Program to document improvements in the lives and conditions of beneficiaries.
- Commit at least \$9.3 million of Trust income for beneficiary related services based on the targeted annual disbursement rate established in the Investment Policy.
- Maintain the principal reserve account with the Alaska Permanent Fund Corporation at the established four hundred percent of the targeted annual disbursement rate to ensure liquidity.
- Establish a long term asset management plan for Trust land and increase the revenues generated on Trust land by eighteen percent.
- Utilize the results of the beneficiary survey to develop indicators for the Comprehensive Mental Health Plan to assess the overall effectiveness of programs providing services to beneficiaries.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
General Funds/Mental Health	\$108,579.6	\$108,896.5	\$122,755.6
Mental Health Trust Authority Authorized Receipts	\$7,907.1	\$6,924.8	\$8,479.4
Mental Health Trust Administration	\$892.0	\$881.4	\$881.4
Positions - Full-time	99	94	95

ALASKA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY

Mission

When AIDEA was created in 1967, its legislative mandate was to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment. In 1987, legislators expanded the Authority's powers to assist in financing projects that the Authority would own, and to guarantee trade finance transactions. Since 1993, the Authority's staff has also been charged with managing the assets of the Alaska Energy Authority, which continues to be a separate corporation. The Authority fulfills its mission today by facilitating the financing for industrial, manufacturing, export, and other business-related enterprises and facilities in Alaska. AIDEA has authority to own and operate facilities which advance this goal.

Key Goals and Issues

- Stimulate economic development and diversification by providing financing assistance to enterprise projects throughout the state.
- Evaluate proposed development projects to determine whether development and ownership meets AIDEA's mandate.
- Partner with local communities to assess basic local infrastructure needs that might complement private sector investment plans.
- Find new ways of providing financing assistance and services to rural Alaska businesses to balance the Authority's efforts to meet the needs of both urban and rural Alaska businesses.
- Maintain the Authority's bond ratings which are strategically important in providing lower-cost financing for economic development projects throughout Alaska.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Corporate Receipts	\$4,263.3	\$4,779.4	\$29,902.2
TOTAL BUDGET	\$4,263.3	\$4,779.4	\$29,902.2
Positions - Fulltime	31	32	32
Part-time	0	0	0

ALASKA PERMANENT FUND CORPORATION

Mission

To conserve a portion of the State's revenue from nonrenewable mineral resources as designated by the Alaska Constitution and State Law to benefit all generations of Alaskans by:

Investing to maintain the safety of the Fund's principal while maximizing total return over time.

Maintaining liquidity to allow statutory use of the Fund's realized income.

Fully inflation-proofing the Fund to maintain its value over time.

Managing the Fund's assets with professional excellence and integrity of a fiduciary.

Key Goals and Issues

- Achieve better than average investment performance with below average risk by maintaining an average 4% real rate of return.
- Produce earnings sufficient to meet legislative mandates of funds for dividends, inflation proofing and appropriations in accordance with statute.
- Continue implementation of the Integrated Management Information and Portfolio Accounting System (FY97 Capital Request). This will meet the information needs of management, policy makers and the public.
- Provide increased opportunities for Trustees' communication with the public.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Corporate Receipts	\$29,026.4	\$29,559.6	\$43,801.0
TOTAL BUDGET	\$29,026.4	\$29,559.6	\$43,801.0
Positions - Full-time	30	31	31

ALASKA AEROSPACE DEVELOPMENT CORPORATION

Mission

AADC's mission is to develop Alaska-based economic and technical opportunities in the aerospace field. The Corporation is working with private corporations, government agencies and universities to develop aerospace services and facilities. Major projects include development of a low earth satellite orbit launch facility on Kodiak Island, and full-service satellite ground station facilities in Fairbanks. The Corporation is also active in the development of satellite assembly, test, and distribution facilities in Anchorage and educational opportunities throughout the state. AADC has made significant progress on its major development projects, and in gaining national and international recognition for Alaska.

Key Goals and Issues

- Complete construction of the Kodiak launch complex.
- Seek an appropriate balance of state and industry participation and funding in the development of a viable Alaska aerospace industry.
- Refine relationships with the aerospace industry and maximize the quality and extent of resources available to AADC through its consultants, corporate network, and advisory committees.
- Encourage the privatization of aerospace industry efforts in Alaska to minimize state investment.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Corporate Receipts	\$43.2	\$43.2	\$43.2
Endowment	\$511.1	\$507.6	\$557.6
Other Funds - Interagency receipts	\$20.0	\$0.0	\$0.0
TOTAL BUDGET	\$574.3	\$550.8	\$600.8
Positions - Full-time	4	4	4

ALASKA SCIENCE AND TECHNOLOGY FOUNDATION

Mission

To enhance the development of science and technology for the direct benefit of Alaskans. ASTF will help establish an environment where Alaska has the confidence, know-how, technology, and risk capital to grow a sustainable economy. ASTF's statutory purpose is "to promote and enhance, through basic and applied research and the development and commercialization of technology, economic and technological innovation in Alaska."

Key Goals and Issues

- In FY98 ASTF will maintain its five year commitment to a flat operating budget and continue to increase the impact of funded projects. In FY97 ASTF actively managed 103 multi-year projects which committed \$14.7 million in ASTF funds matching \$27.4 million in non-ASTF funds.
- Key goals for FY98 include ongoing projects with 20 technology-based firms and completing Internet connectivity for over 70% of

the public and charter school K-12 classrooms in the state.

- In FY98 ASTF will work with ADEC and the Producers Council to define a research project on water quality standards. Another expected group project will involve representatives of the mining community to work with radar specialists to demonstrate improved mapping products.
- In FY98 work will continue on the Forest Products initiative funded by ASTF and the National Institutes of Standards and Technology to provide grading and technical assistance. An industry advisory group of sawmill owners and other manufacturers will guide the project operated by INC. Other group projects include improved remediation techniques for more efficient cleanups of Alaska sites.
- FY98 should see the first commercial deployment of a pinbone remover in Alaska salmon processing plants and increased sales of innovative salmon-based products developed with ASTF and private sector funding.
- All ASTF projects will include clear technical and business plans, shared cost sharing and risk, and defined Alaska benefits.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Sci/Tech Receipts	\$6,114.4	\$26,315.1	\$8,995.8
Federal Funds	\$17.1	\$0.0	\$0.0
TOTAL BUDGET	\$6,131.5	\$26,315.1	\$8,995.8
Positions - Full-time	7	6	6
Part-time and seasonal		1	1

ALASKA HOUSING FINANCE CORPORATION

Mission

As a self-supporting public corporation, AHFC manages capital assets and grants to provide Alaskans equal access to safe, quality, affordable housing. It coordinates the state's housing strategy and homeless programs. AHFC provides needed housing assistance to Alaskans of low and moderate income levels, rural Alaskans, those with special needs, and Alaskan senior citizens. These activities create jobs and value-added industries for Alaskans.

Key Goals and Issues

- AHFC must maintain the ability to generate an annual profit margin of approximately \$100 million to sustain the agreement between AHFC and the Department of Revenue to make annual

- \$50 million payments to the state for the next two fiscal years.
- AHFC has developed an extensive rural outreach program working with Regional Housing Authorities. As AHFC maintains and approves low interest mortgage opportunities statewide, it can expand into remote areas of Alaska.
- The Public Housing Program provides rental housing assistance to more than 4,500 low income families. Nationally, AHFC is recognized as a High Performer with a perfect PHMAP score of 100%. With many of these housing projects in need of major repair and on-going maintenance, AHFC will continue to pursue alternative financial resources to help narrow funding gaps.
- AHFC combined the Operations, Rural and Public Housing components into an Operations component to finalize the 1992 merger.
- AHFC has added a new component to deal with the newly acquired Anchorage State Office Building totalling \$1,984.7.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Federal Funds	\$15,495.0	\$17,147.5	\$17,147.5
Corporate Receipts	\$11,587.5	\$13,072.2	\$14,990.7
Interagency Receipts	\$918.6	\$600.0	\$600.0
CIP Receipts	\$1,232.2	\$1,224.1	\$1,290.3
TOTAL BUDGET	\$29,233.3	\$32,043.8	\$34,028.5
Positions - Full-time	304	309	309
Part-time and Seasonal	36	35	35

ALASKA STUDENT LOAN CORPORATION

Mission

To support the development of economically viable, lifelong learners and citizens by providing educational loans to Alaskan postsecondary students. The ASLC must value and serve its customers by identifying program efficiencies through improved management, processes, and technology to ensure the self-sustainability and marketability of the Alaska Student Loan Programs through the 21st century.

Key Goals and Issues

- Continue to develop and implement legislative and administrative changes to improve the financial condition of the Alaska Student Loan Program.
- The future viability of this valued program depends upon achieving fund solvency through fiscally responsible practices. Historically, the ASLC has suffered from fund equity erosion due

- to high borrower default losses and the lack of interest income during statutorily defined interest free periods. Statutory changes being implemented in FY98 will provide expanded tools to increase collection effectiveness. Interest losses have been reduced but additional changes will be necessary to eliminate future losses.
- The ASLC's servicing partner, the Alaska Commission on Postsecondary Education (ACPE), provides full loan servicing for over 156,000 loans with a total loan portfolio of \$528 million. Increasingly, customers and policy makers expect a high level of servicing comparable to that available through the private sector. Therefore, key goals are to 1) continue to provide a level of service to customers comparable to other lenders in the industry, and 2) continue to make funding widely available to Alaskans pursuing their education and training goals. By achieving these goals the ASLC seeks to ensure that loans are available for the next generation of students.

Budget Summary	FY97 Actual	FY98 Authorized	FY99 Governor
Corporate Receipts	\$7,221.6	\$7,167.3	\$7,308.0
GF Program Receipts	\$0.0	\$0.0	\$10.0
TOTAL BUDGET	\$7,221.6	\$7,167.3	\$7,318.0
Positions - Full-time	99	94	95
Positions - Part-time and Seasonal	4	0	0

Status of FY98 Performance Measures

Last year's Executive Budget Summary included several key performance measures for each department.

This chart gives a quick view of the status of these measures after the first six months of the budget year.

On track: The department expects to meet the target set in the performance measure.

Too soon: It is too early to tell, sometimes because the activity is seasonal.

Modified: (or no longer appropriate) The original measure is no longer realistic for reasons such as a drop in market prices, or the budget was cut from the governor's proposal.

Not likely: The department does not expect to achieve the performance measure.

	On track	Too soon	Modi- fied	Not likely
<p>ADMINISTRATION</p> <ul style="list-style-type: none"> • Reduce "steps" in current hiring process by 50%. • Eliminate multiple applications from the same applicant. • Reduce current job classifications by at least 50%. • Eliminate the applicant register system. • Reduce the time from vacancy to new hire by 15-20%. • Reduce total DMV office transactions over historical levels by 25%. • Reduce average time spent waiting in line at all DMV offices, with specific target reductions of 50% in Fairbanks, downtown Anchorage, and Palmer over the next three years. 	✓ ✓ ✓ ✓ ✓ ✓ ✓			
<p>COMMERCE AND ECONOMIC DEVELOPMENT</p> <ul style="list-style-type: none"> • Create at least 350 new jobs for Alaskans in FY98 by providing financial assistance to economic development projects that meet defined criteria for feasibility and financial success. • Participate materially in the creation or expansion of at least twenty-five businesses in FY98 through the funding of technology commercialization projects. • Increase the number of Alaskans employed in the visitor industry to 30,000 by the year 2000. • Increase the U.S. per capita consumption of Alaska salmon from 1.0 to 1.5 pounds per year by the year 2000. • Reduce response time up to 75 per cent in FY98 for the filing and retrieval of licensing and corporate documents, by providing forms and information on the Internet, accepting credit cards for the payment of fees, and making other uses of technology. 	✓ ✓ ✓ ✓ ✓			
<p>COMMUNITY AND REGIONAL AFFAIRS</p> <ul style="list-style-type: none"> • Community Development Quota Program (CDQ): State regulations for the expanded species program will be completed. All 6 CDQ groups will meet the goals and milestones in their respective Development Plans. • Head Start: will provide services to at least 10% more prenatal to 5-year-olds (about 320 children), and their families. Jobs and training will go to 575 community residents, at least 50% of whom are or were Head Start parents. 	✓			✓

Status on FY98 Performance Measures

<ul style="list-style-type: none"> • Child Care: will serve 24 communities (2,600 families) and expand services to 3 more communities. Will serve over 1,500 families at risk of going on welfare. • Bulk Fuel Storage: Storage tanks will be constructed in 6 communities. Piping will be brought up to acceptable standards in 4 communities. • Rural Utility Business Assistance: will provide adequate utility bookkeeping systems in 8 more rural communities. • Internal Revenue Service Community Work Out Plans: will help communities negotiate plans with the IRS on past due taxes and abate over \$50,000 in penalties. • Military Base Closure Assistance: Staff will have facilitated local efforts to complete a preliminary economic recovery strategy and base re-use plan for Fort Greely/Delta Junction. 	✓ ✓ ✓ ✓ ✓			
CORRECTIONS				
<ul style="list-style-type: none"> • Expand community residential center services into one new community. • Complete internal audits of four program areas. • Increase funding from alternative sources by 15%. • Complete the design of and begin implementing the Criminal Justice Information System project in FY98. 	✓ ✓ ✓ ✓			
EDUCATION				
<ul style="list-style-type: none"> • Complete second phase of multi-year project to develop statewide assessment tools for measuring student performance against established state education standards. This phase will focus on developing performance based assessment in reading and math, and the first statewide direct assessment of writing. • Develop regulations that establish accreditation standards for Alaska's schools based on research on successful schools and a field test in selected districts. • Develop regulations for a revised teacher and administrator licensure system based upon national and state standards for educators. • Integrate the use of technology to facilitate delivery of services and education programs. 	✓ ✓ ✓ ✓			
ENVIRONMENTAL CONSERVATION				
<ul style="list-style-type: none"> • Reduce by an additional 10 percent the number of Alaska homes still without safe water and/or sewer disposal. • Establish and meet new permit or plan review turnaround targets in at least 3 major, on-going programs such as solid waste, contingency plan review, and industrial wastewater discharges. • Add 3 major program or activity data bases to the bank of DEC revised and standardized databases to be used for permit tracking, risk analysis, and resource allocation. 	✓ ✓ ✓			
FISH AND GAME				
<ul style="list-style-type: none"> • Pursue six new cooperative rehabilitation and enhancement projects with public and private development interests, while maintaining timely habitat permit approvals. • Make significant progress toward regaining state management of subsistence hunting and fishing on all lands and waters. • Meet production and harvest targets set by department managers and the Boards of Fisheries and Game. • Ensure the opportunity for Alaskans to harvest groundfish in state waters and participate in other developing fisheries such as sea urchins and cucumbers. • Develop two wildlife management plans based on geographic regions and the interaction of different species, rather than the single species management plans. • Use improved communications tools to provide greater public access to the department's fish and wildlife information base. • Increase use of dispute resolution and consensus building processes to improve public involvement in policy and regulation development. 	✓ ✓ ✓ ✓ ✓ ✓ ✓	✓		

Governor's FY99 Executive Budget Summary

<p>HEALTH AND SOCIAL SERVICES</p> <ul style="list-style-type: none"> • Increase the number of 2-year-olds fully immunized to 90% by the year 2000. • Reduce youth smoking and smokeless tobacco use rates by 10% by the end of FY98. • Increase number of juveniles going into diversion programs by 10% by the end of FY98. • Reduce the annual per capita alcohol consumption by people aged 14 and over from 2.55 to 2.25 gallons by the year 2000 through public awareness efforts and a focus on teens. • Move 30% of welfare recipients into work activities by the end of FY98. 		<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 		
<p>LABOR</p> <ul style="list-style-type: none"> • Increase compliance with Electrical/Mechanical Administrator statutes by 5%. • Reduce lost workday injuries by 2%. • Increase the number of in-state hires for seafood processing work through the Alaska Employment Service by an additional 5%. • Increase employer compliance with workers' compensation insurance requirements by an additional 5%. 	<ul style="list-style-type: none"> ✓ 	<ul style="list-style-type: none"> ✓ 	<ul style="list-style-type: none"> ✓ 	<ul style="list-style-type: none"> ✓
<p>LAW</p> <ul style="list-style-type: none"> • Collect at least \$100 million in oil and gas taxes, royalties, and tariff adjustments through administrative and judicial proceedings or settlements. • Collect at least \$2.5 million in criminal judgments including indigent defense costs, costs of incarceration for DWI offenders, and other fines owed the state. • Complete 2,500 child support enforcement cases. • Review 50 percent of all proposed regulations within 120 days of receipt from the agency and 75 percent within 180 days. 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ 			
<p>MILITARY AND VETERANS AFFAIRS</p> <ul style="list-style-type: none"> • Increase Guard members' reading level by one grade per year measured by pre- and post-testing. • Reduce deferred maintenance backlog by 5%. • Enroll at least 50 participants in the University of Alaska education partnership program. • Air Guard Airlift and Rescue squadrons attain worldwide mobility status. • Test two trained State Incident Management Teams under simulated conditions. • Maintain level of successful Youth Corps graduates (in school or at work) at 85%. • Organize four new Scout Troops by October 1997. 	<ul style="list-style-type: none"> ✓ ✓ ✓ 	<ul style="list-style-type: none"> ✓ ✓ 	<ul style="list-style-type: none"> ✓ ✓ 	<ul style="list-style-type: none"> ✓
<p>NATURAL RESOURCES</p> <ul style="list-style-type: none"> • Offer another 3.5 million acres of state land for oil & gas leasing in three lease sales. • Administer and facilitate the issuance of 31,000 mining claim permits. • Maintain and operate 127 state park units to accommodate 6 million visits. • Maintain the state's land data base through the notation of 10,000 state resource transactions, affecting 12,000 townships, and make this information available to the public. • Generate \$1.3 million from sale of forest products and offer 49.3 million board feet for the forest industry. • As part of its responsibility and process review, the department is in the process of redefining corresponding outcome-based performance measures. This process should be completed by February 1997. 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ 			<ul style="list-style-type: none"> ✓ ✓
<p>PUBLIC SAFETY</p> <ul style="list-style-type: none"> • Reduce by 3% the incidents of motor vehicle fatality traffic accidents involving alcohol/drugs occurring in State Trooper jurisdiction during FY98. • Train 90% of all Alaska State Troopers and Village Public Safety Officers in Domestic Violence call response, investigation and legal issues. 	<ul style="list-style-type: none"> ✓ 	<ul style="list-style-type: none"> ✓ 		

Status on FY98 Performance Measures

<ul style="list-style-type: none"> Reduce the number of sport fish and wildlife violations by increasing the number of contacts with recreational hunters and fishermen statewide by 1.5% (approximately 800 more contacts.) 				✓
<ul style="list-style-type: none"> Reduce the number of commercial crab fishery violations by increasing enforcement patrol contacts with commercial crab fishermen by 5%. 	✓			
<ul style="list-style-type: none"> Increase the number of communities reached by the division's fire prevention education programs by 10%. 	✓			
<ul style="list-style-type: none"> Reduce Alaska's fire death rate by 10% by FY2000 through fire prevention education and other programs. 				✓
<ul style="list-style-type: none"> Maintain the number of fire investigations conducted by State Fire Marshals by 5%. 		✓		
REVENUE				
<ul style="list-style-type: none"> The Child Support Enforcement Division will increase the percent of non-custodial parents who make at least a partial child support payment each month from 45% in FY96 to 48% in FY98. 			✓	
<ul style="list-style-type: none"> The Income and Excise Audit Division will allocate 20% of available audit time to non oil and gas corporations, motor fuel, fisheries, alcohol and tobacco. 	✓			
<ul style="list-style-type: none"> The Oil and Gas Audit Division will develop an electronic tax filing system by June 1998. 				✓
<ul style="list-style-type: none"> The department will review and make appropriate changes to the appeals process for child support enforcement and permanent fund dividend appeals by June 1998 so that, at minimum, appellants receive decisions within the statutory and regulatory time limits. 	✓			
TRANSPORTATION AND PUBLIC FACILITIES				
<ul style="list-style-type: none"> Highways and Aviation: Increase revenues to support rural airports by 25%. 				✓
<ul style="list-style-type: none"> Chip seal or pave 10 miles of gravel roads and turn over to local governments. 	✓			
<ul style="list-style-type: none"> Complete statewide and area plans that guide transportation investments. 	✓			
<ul style="list-style-type: none"> Alaska Marine Highway System: Implement an integrated safety management system to meet International Maritime Organization standards. 	✓			
<ul style="list-style-type: none"> Achieve satisfactory results from the customer ridership and community based surveys. 			✓	
<ul style="list-style-type: none"> International Airports: Remove remaining hazardous underground storage tanks. 	✓			
<ul style="list-style-type: none"> Increase cargo traffic by 10%. 	✓			
<ul style="list-style-type: none"> Obtain a direct passenger flight between Alaska and a country in the Pacific Rim by mid-1998. 	✓			
UNIVERSITY OF ALASKA				
<ul style="list-style-type: none"> Increase retention of students by 10%. 	✓			
<ul style="list-style-type: none"> Increase graduation rates by 5%. 	✓			
<ul style="list-style-type: none"> Increase course offerings for vocational-technical education by 5%. 	✓			
<ul style="list-style-type: none"> Increase faculty productivity by 15%. 		✓		
OFFICE OF THE GOVERNOR				
<ul style="list-style-type: none"> OMB will implement the new computerized budgeting system on a pilot basis in at least two executive branch departments. 	✓			
<ul style="list-style-type: none"> The Division of Governmental Coordination will bring affected local coastal districts and state and federal agencies together to resolve issues and grant approvals for 500 coastal projects. 			✓	
<ul style="list-style-type: none"> The Human Rights Commission staff will conciliate or schedule 50 cases for public hearing in FY98. 			✓	
<ul style="list-style-type: none"> The Office of Equal Employment Opportunity will adopt regulations to implement its statutory responsibilities in FY98. 			✓	

Governor Knowles' Proposed FY99 Capital Budget

You can view the full list of Governor's capital projects on the OMB Home Page:

www.gov.state.ak.us/omb/capital.htm

The Governor's \$871 million capital plan for FY99 focuses on education, economic development, transportation, public safety and health. The \$92.3 million in general funds is approximately the same level as in FY98. However, federal funds increase by more than \$150 million, mostly for highways and airports. "Gateway Alaska" uses \$191 million in federal funds and revenue bonds for a major terminal expansion at Anchorage International Airport.

AHFC's share of the budget is \$52 million which, together with \$1 million in debt service for the UAA dorms and a \$50 million dividend to the general fund, keeps its total contribution within the plan for maintaining its now-excellent credit rating. AIDEA's FY99 dividend of \$16 million is appropriated to economic development projects statewide.

School construction and major maintenance

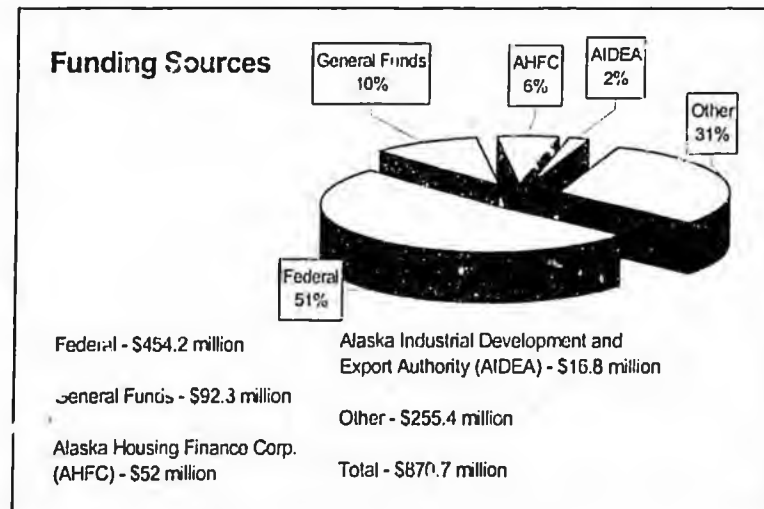
The Governor has proposed a \$850 million plan to eliminate the enormous statewide back-log of school districts projects in less than ten years. Prior to the start of the session, he will introduce legislation to finance revenue bonds with the increased cigarette tax. Although the capital bill does not include school construction and major maintenance projects for this reason, they are a major element in the Governor's FY99 capital plan.

Federal aid highways and airports

The federally funded Statewide Transportation Improvement Program (STIP) and Airport Improvement Program (AIP) are in their final stages of public review and comment. The capital budget bill appropriates state matching funds for these community projects across the state but does not yet list the specific projects. As soon as the STIP and AIP are final, the lists will be released and the projects will be incorporated in the Governor's budget amendments due on February 25.

Water/Sewer Projects and Community Capital Matching Grants

The complete lists of projects to be funded for these programs are in the Governor's bill and on the OMB Web Site.



Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
DEVELOPMENT							
Comm & Reg Affairs	Rural Development Assistance Grants			800,000			800,000
Comm & Reg Affairs	Community Block Grants				9,000,000		9,000,000
Comm & Reg Affairs	Delta Junction Economic Recovery			90,000	500,000		590,000
Comm & Reg Affairs	Forest Service Mini-Grants				200,000		200,000
Comm & Reg Affairs	Capital Energy Projects				30,000,000		30,000,000
Comm & Reg Affairs	Alaska Native Heritage Center			800,000			800,000
Commerce	Economic Development Matching Grants			250,000			250,000
Commerce	4-Dam Pool Project Repairs					11,500,000	11,500,000
Fish & Game	Statewide Facilities Repair, Maintenance, and Replacement	400,000					400,000
Fish & Game	Southeast Region Vessel Facility	1,170,000				130,000	1,300,000
Fish & Game	Hardrock Mining Fisheries Research			225,000			225,000
Fish & Game	Regional Wild Food Harvest Survey	200,000					200,000
Fish & Game	Developing Fisheries			300,000			300,000
Fish & Game	Hatchery Renovation, Repair and Maintenance				112,500	37,500	150,000
Fish & Game	Sport Fishing and Recreational Boating Public Access and Facility Development				4,200,000	1,400,000	5,600,000
Fish & Game	Area Office Equipment Replacement					100,000	100,000
Fish & Game	Vessel Maintenance and Repair	250,000					250,000
Fish & Game	Moose Research Center Repair and Maintenance					100,000	100,000
Fish & Game	Juneau Indoor Shooting Range and Hunter Education Facility Construction				500,000	1,000,000	1,500,000
Natural Resources	Rural Coalbed Methane			200,000			200,000
Natural Resources	Airborne Geophysical and Geological Mineral Inventory			500,000			500,000
Natural Resources	State Land Disposals and Legal Defense Surveys	300,000					300,000
Natural Resources	State Oil & Gas Electronic Interface with Industry			150,000			150,000
Natural Resources	Southeast Value Added Timber Sales	8,000		100,000			108,000
Natural Resources	Kenai River Area Plan Studies Implementation	130,000					130,000
Natural Resources	Agricultural Land Disposals					250,000	250,000
Natural Resources	Mental Health Trust Land Management Plan					530,000	530,000
Natural Resources	Symms Trails Federal Grants				200,000		200,000
Natural Resources	National Historic Preservation Grants				640,000		640,000
Natural Resources	Kenai Habitat Restoration and Recreation Enhancements					462,300	462,300
Natural Resources	Reforestation and Monitoring	250,000					250,000
	Development Subtotal	2,708,000		3,415,000	45,352,500	15,509,800	66,985,300

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
HEALTH/SAFETY							
Administration	Pioneers' Homes Health and Safety Repairs		700,000				700,000
Administration	Pioneers' Homes Special Care Units (Anchorage, Palmer, Juneau)		200,000				200,000
Administration	Integrated Criminal Justice Information System - Public Defender	110,000					110,000
Comm & Reg Affairs	Bulk Fuel Systems Upgrades					1,600,000	1,600,000
Comm & Reg Affairs	Electrical Emergencies					392,000	392,000
Corrections	Deferred Maintenance, Repair, Renewal and Replacement	800,000					800,000
Corrections	Criminal Justice Information System Integration	449,000					449,000
Corrections	Corrections Replacement Equipment	250,000					250,000
Corrections	Data Processing Technical Support				300,000		300,000
Corrections	Community Jails Security and Expansion Projects	200,000					200,000
Education	AVTEC Food Services Building - Roof, Renovation and Upgrade			100,000			100,000
Environ Conserv	Village Safe Water Project Administration	1,723,800					1,723,800
Environ Conserv	Village Safe Water Project Feasibility Study Grants	902,700			902,700		1,805,400
Environ Conserv	Village Safe Water Grants Matched by Federal EPA	250,000	10,690,600		10,940,600		21,881,200
Environ Conserv	Village Safe Water Grants Matched by Federal RDA	4,339,600	5,660,400				10,000,000
Environ Conserv	Village Safe Water Grants without Match	865,000					865,000
Environ Conserv	Municipal Matching Water/Sewer Grants Program	14,633,600			2,117,200		16,750,800
Environ Conserv	Food Safety Laboratory	145,700					145,700
Environ Conserv	Electronic Access to Domestic Wastewater Property Files		200,000				200,000
Environ Conserv	Fine Particulate Monitoring				778,800		778,800
Environ Conserv	Local Response Agreements					500,000	500,000
Environ Conserv	Upgrade, Closure or Replacement of State-Owned Underground Storage Tanks					2,782,400	2,782,400
Environ Conserv	Cleanup of State-Owned Contaminated Sites					1,539,000	1,539,000
Environ Conserv	Upgrade, Closure or Replacement of Privately-Owned Underground Storage Tanks					5,123,500	5,123,500
Environ Conserv	Upgrade of State-Owned Above Ground Storage Tanks					1,600,000	1,600,000
Environ Conserv	State Hazardous Materials Response					300,000	300,000
Environ Conserv	Investigation and Cleanup of Privately-Owned Contaminated Sites					2,340,000	2,340,000
Environ Conserv	Cook Inlet Water Quality Monitoring Database					340,000	340,000
Environ Conserv	Natural Resources Damage Assessment Protocol and Guidelines					325,000	325,000
Governor	Americans with Disabilities Act Compliance Projects	500,000					500,000

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
HEALTH/SAFETY							
Health & Soc Svcs	Stop-Gap Repairs at Alaska Psychiatric Institute	225,000					225,000
Health & Soc Svcs	Deferred Maintenance, Renewal, Replacement and Equipment	750,000			192,300		942,300
Health & Soc Svcs	Public Health Laboratory Non-Bondable Costs	275,000					275,000
Health & Soc Svcs	Welfare Reform Information System and Office Automation	1,458,600			1,458,600		2,917,200
Health & Soc Svcs	Vital Statistics Archive imaging and System Replacement	340,000					340,000
Health & Soc Svcs	Emergency Medical Services Communications Equipment	341,600					341,600
Health & Soc Svcs	Deferred Maintenance - Competitive Grants for Trust Beneficiary Program Facilities	200,000				200,000	400,000
Mil & Vet Affairs	New Phone Switch - Integrated Switch Digital Network Compliance	96,000					96,000
Mil & Vet Affairs	National Warning System Upgrade Phase II	102,900			148,000		250,900
Mil & Vet Affairs	Emergency Wireless Phase II	200,000					200,000
Mil & Vet Affairs	VHF Radio Replacement - Division of Emergency Services	146,400					146,400
Mil & Vet Affairs	Emergency Communication Response Team - Equipment	56,000					56,000
Mil & Vet Affairs	Juneau Armory Design and Construction	544,000			6,360,000		6,904,000
Mil & Vet Affairs	Army Guard Deferred Maintenance, Renewal & Replacement	150,000			84,000		234,000
Mil & Vet Affairs	Nome Armory Design and Construction	662,000			5,712,500		6,374,500
Mil & Vet Affairs	Army Guard Statewide Planning and Construction				2,000,000		2,000,000
Natural Resources	State Parks Emergency Repairs			400,000			400,000
Natural Resources	Wildland and Urban Interface Fire Training and Certifications	120,000					120,000
Natural Resources	Federal Excess Property - Fire Vehicles	150,000					150,000
Natural Resources	Fairbanks Facility Maintenance, Repair and Construction	200,000					200,000
Natural Resources	Fire Management Plan Map Atlas Updating	60,000					60,000
Natural Resources	Abandoned Mines Lands Reclamation				1,500,000		1,500,000
Public Safety	Fish and Wildlife Protection Aircraft and Vessel Repair	1,221,500					1,221,500
Public Safety	Fish and Wildlife Protection Equipment	375,000					375,000
Public Safety	Trooper Law Enforcement Equipment	353,500					353,500
Public Safety	Trooper Dispatch Console Replacement - Fairbanks	250,000					250,000
Public Safety	Statewide Academy Expansion (Plus \$1.4m reapprop)	700,000					700,000
Public Safety	APSIN Statewide Data Communications	150,000					150,000
Public Safety	APSIN Redesign and Implementation	300,000			300,000		600,000
Public Safety	APSIN NCIC-2000 Analysis and Design	150,000					150,000
	Health/Safety Subtotal	34,746,900	17,451,000	500,000	32,794,700	17,041,900	102,534,500

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
HOUSING							
Education	Vocational Rehabilitation Home Modifications for Individuals with Disabilities		150,000				150,000
Health & Soc Svcs	Beneficiary and Special Needs Housing Program		1,800,000				1,800,000
Revenue	Supplemental Housing Development Program		9,000,000				9,000,000
Revenue	Anchorage - Central Terrace/Fairmount Phase II		864,000		1,300,000		2,164,000
Revenue	AHFC Mainframe Software Upgrade		165,000		250,000		415,000
Revenue	Mountain View - Phase I (Senior Units)		2,120,000				2,120,000
Revenue	Park View Manor		2,500,000		1,000,000		3,500,000
Revenue	Alaska Craftsman & Home Energy Rating Programs		450,000				450,000
Revenue	Low Income Housing Weatherization		6,500,000		1,200,000		7,700,000
Revenue	Senior and Statewide Housing Deferred Maintenance		3,700,000		450,000		4,150,000
Revenue	Senior Housing Predevelopment Grants		202,185				202,185
Revenue	Dillingham Senior Housing Project		900,645				900,645
Revenue	Anchorage Senior Housing Project		228,520				228,520
Revenue	Nome Senior Housing Project		718,650				718,650
Revenue	Homeless Assistance Program		1,250,000				1,250,000
Revenue	Housing and Urban Development Comprehensive Grant Program				2,900,000		2,900,000
Revenue	Housing and Urban Development Federal HOME Grant		750,000		3,000,000		3,750,000
Revenue	Public Housing Environmental Cleanup and Abatement		1,000,000				1,000,000
Revenue	Energy Conservation Retrofit		500,000				500,000
Revenue	Federal and Other Competitive Grants		1,250,000		3,000,000		4,250,000
Revenue	Transitional Housing		250,000				250,000
Revenue	Competitive Grants for Public Housing		250,000		750,000		1,000,000
Revenue	Oil Overcharge Settlement				2,500,000		2,500,000
	Housing Subtotal		34,549,000		16,350,000		50,899,000

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
PUBLIC SUPPORT TECHNOLOGY/SERVICE							
Administration	Electronic Commerce and Purchasing System			195,000			195,000
Administration	Enterprise Message Brokering and Data Exchange Capability	200,000					200,000
Administration	Lease Data Base System Replacement			175,000			175,000
Administration	DMV Microfilming and Indexing	230,000					230,000
Administration	AKPAY Time and Attendance System	175,000					175,000
Administration	DMV Digital Photo Identification Process	300,000					300,000
Administration	Juneau Support Relocation Planning	100,000					100,000
Administration	Retirement & Benefits Space Consolidation Furniture					325,000	325,000
Administration	Information Services Fund Equipment Replacement					2,768,000	2,768,000
Education	Alaska Commission on Postsecondary Education Computer Replacement					171,500	171,500
Education	Library- Statewide Electronic Doorway (SLED)	100,000					100,000
Education	Library Materials	100,000					100,000
Natural Resources	Completion of Land Status GIS System			250,000			250,000
Natural Resources	Recorder's Office Equipment Upgrade			200,000			200,000
Natural Resources	Recorder's Office Aperture Card Filming and Digitizing			165,000			165,000
Natural Resources	Oil & Gas Royalty Accounting System Phase II			150,000			150,000
Revenue	Permanent Fund Dividend System Design, Phase II					1,000,000	1,000,000
Revenue	Telecommunications Disaster Recovery System					492,800	492,800
	Public Support Technology/Service Total	1,205,000		1,135,000		4,757,300	7,097,300

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
TRANSPORTATION							
Transportation	Airport Deferred Maintenance			900,000			900,000
Transportation	Alaska Marine Highway System Overhaul and Rehabilitation	4,000,000					4,000,000
Transportation	Emergency and Non-Routine Repairs			1,000,000			1,000,000
Transportation	Facilities Deferred Maintenance and Critical Repairs			750,000			750,000
Transportation	Federal Transit Administration Grants	30,000			900,000		930,000
Transportation	Highway Deferred Maintenance	200,000		1,350,000			1,550,000
Transportation	Harbors Deferred Maintenance			900,000			900,000
Transportation	Secondary Road Paving	800,000					800,000
Transportation	State Equipment Fleet Replacement Program					11,800,000	11,800,000
Transportation	Unalaska Small Boat Harbor			500,000			500,000
Transportation	Coordinated Transportation Service Transit Grants	150,000				150,000	300,000
Transportation	State Equipment Fleet Equipment Management System					119,900	119,900
Transportation	Federal Aid Aviation Program			5,000,000	80,700,000		85,700,000
Transportation	Federal Aid Highway Program	26,500,000			258,300,000		284,800,000
Transportation	Anchorage Intl Airport Advance Project Design					600,000	600,000
Transportation	Anchorage Intl Airport Airfield Blast Protection Reconstruction Phase 1				1,530,000	370,000	1,900,000
Transportation	Anchorage Intl Airport Annual Improvements					650,000	650,000
Transportation	Anchorage Intl Airport Equipment					650,000	650,000
Transportation	Anchorage Intl Airport Escalator Replacement					350,000	350,000
Transportation	Anchorage Intl Airport Flight Tracking and Noise Monitoring System				1,080,000	120,000	1,200,000
Transportation	Anchorage Intl Airport Lake Hood Sewer and Water					2,500,000	2,500,000
Transportation	Anchorage Intl Airport Runway 6L-24R Reconstruction				15,300,000	1,700,000	17,000,000
Transportation	Anchorage Intl Airport Taxiway S Tug Road					300,000	300,000
Transportation	Anchorage Intl Airport Terminal Expansion 2005					191,000,000	191,000,000
Transportation	Fairbanks Intl Airport Annual Improvements					200,000	200,000
Transportation	Fairbanks Intl Airport Equipment				300,000	279,000	579,000
Transportation	Fairbanks Intl Airport Terminal Area Roads and Parking Construction				710,000	2,840,000	3,550,000
Transportation	Fairbanks Intl Airport Terminal Improvements Phase I Construction				1,565,700	464,300	2,030,000
Transportation	U. S. Army Corps of Engineers Projects			900,000			900,000
	Transportation Subtotal	31,680,000		11,300,000	359,685,700	214,093,200	616,758,900
UNIVERSITY							
University	Systemwide Deferred Maintenance and Code Compliance	7,000,000					7,000,000
University	Small Business Development Programs			450,000			450,000
University	Physical Education Facility Design and Construction - Juneau Campus					4,000,000	4,000,000
	University Subtotal	7,000,000		450,000		4,000,000	11,450,000
	TOTAL STATE AGENCIES	77,339,900	52,000,000	16,800,000	454,182,000	255,402,200	855,725,000
	CAPITAL MATCHING GRANTS PROGRAMS	15,000,000					15,000,000

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CORRECTION

THE FOLLOWING DOCUMENT(S)
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*Governor Knowles' FY99
Executive Budget Summary*

Governor Knowles' Proposed FY99 Capital Budget

You can view the full list of Governor's capital projects on the OMB Home Page:

www.gov.state.ak.us/omb/capital.htm

The governor's \$871 million capital plan for FY99 focuses on education, economic development, transportation, public safety and health. The \$92.3 million in general funds is approximately the same level as in FY98. However, federal funds increase by more than \$150 million, mostly for highways and airports. "Gateway Alaska" uses \$191 million in federal funds and revenue bonds for a major terminal expansion at Anchorage International Airport.

AHFC's share of the budget is \$52 million which, together with \$1 million in debt service for the UAA dorms and a \$50 million dividend to the general fund, keeps its total contribution within the plan for maintaining its now-excellent credit rating. AIDEA's FY99 dividend of \$16 million is appropriated to economic development projects statewide.

School construction and major maintenance

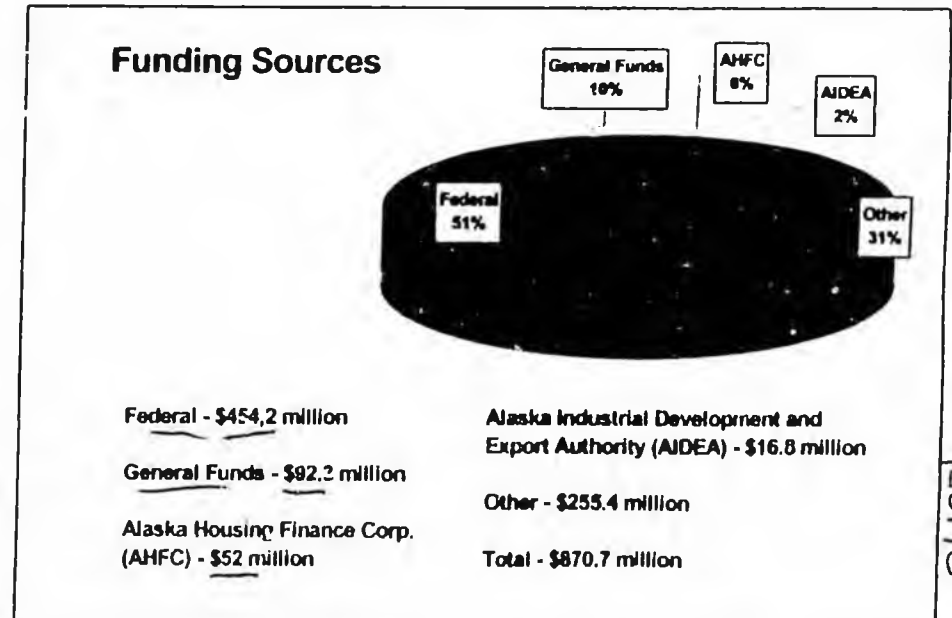
The governor has proposed a \$850 million plan to eliminate the enormous statewide back-log of school districts projects in less than ten years. Prior to the start of the session, he will introduce legislation to finance revenue bonds with the increased cigarette tax. Although the capital bill does not include school construction and major maintenance projects for this reason, they are a major element in the governor's FY99 capital plan.

Federal aid highways and airports

The federally funded Statewide Transportation Improvement Program (STIP) and Airport Improvement Program (AIP) are in their final stages of public review and comment. The capital budget bill appropriates state matching funds for these community projects across the state but does not yet list the specific projects. As soon as the STIP and AIP are final, the lists will be released and the projects will be incorporated in the governor's budget amendments due on February 25.

Water/Sewer Projects and Community Capital Matching Grants

The complete lists of projects to be funded for these programs are in the governor's bill and on the OMB Web Site.



Attachment #1
1/28/98

Governor Knowles' FY99 Capital Budget
All Projects in Capital and Mental Health Bills

Agency	Project Title	General Funds	AHFC	AIDEA	Federal Funds	Other Funds	Total Funds
DEVELOPMENT							
Comm & Reg Affairs	Rural Development Assistance Grants			800,000			800,000
Comm & Reg Affairs	Community Block Grants				9,000,000		9,000,000
Comm & Reg Affairs	Delta Junction Economic Recovery			90,000	500,000		590,000
Comm & Reg Affairs	Forest Service Mini-Grants				200,000		200,000
Comm & Reg Affairs	Capital Energy Projects				30,000,000		30,000,000
Comm & Reg Affairs	Alaska Native Heritage Center			800,000			800,000
Commerce	Economic Development Matching Grants			250,000			250,000
Commerce	4-Dam Pool Project Repairs					11,500,000	11,500,000
Fish & Game	Statewide Facilities Repair, Maintenance, and Replacement	400,000					400,000
Fish & Game	Southeast Region Vessel Facility	1,170,000				130,000	1,300,000
Fish & Game	Hardrock Mining Fisheries Research			225,000			225,000
Fish & Game	Regional Wild Food Harvest Survey	200,000					200,000
Fish & Game	Developing Fisheries			300,000			300,000
Fish & Game	Hatchery Renovation, Repair and Maintenance				112,500	37,500	150,000
Fish & Game	Sport Fishing and Recreational Boating Public Access and Facility Development				4,200,000	1,400,000	5,600,000
Fish & Game	Area Office Equipment Replacement					100,000	100,000
Fish & Game	Vessel Maintenance and Repair	250,000					250,000
Fish & Game	Moose Research Center Repair and Maintenance					100,000	100,000
Fish & Game	Juneau Indoor Shooting Range and Hunter Education Facility Construction				500,000	1,000,000	1,500,000
Natural Resources	Rural Coalbed Methane			200,000			200,000
Natural Resources	Airborne Geophysical and Geological Mineral Inventory			500,000			500,000
Natural Resources	State Land Disposals and Legal Defense Surveys	300,000					300,000
Natural Resources	State Oil & Gas Electronic Interface with Industry			150,000			150,000
Natural Resources	Southeast Value Added Timber Sales	8,000		100,000			108,000
Natural Resources	Kenai River Area Plan Studies Implementation	130,000					130,000
Natural Resources	Agricultural Land Disposals					250,000	250,000
Natural Resources	Mental Health Trust Land Management Plan					530,000	530,000
Natural Resources	Symms Trails Federal Grants				200,000		200,000