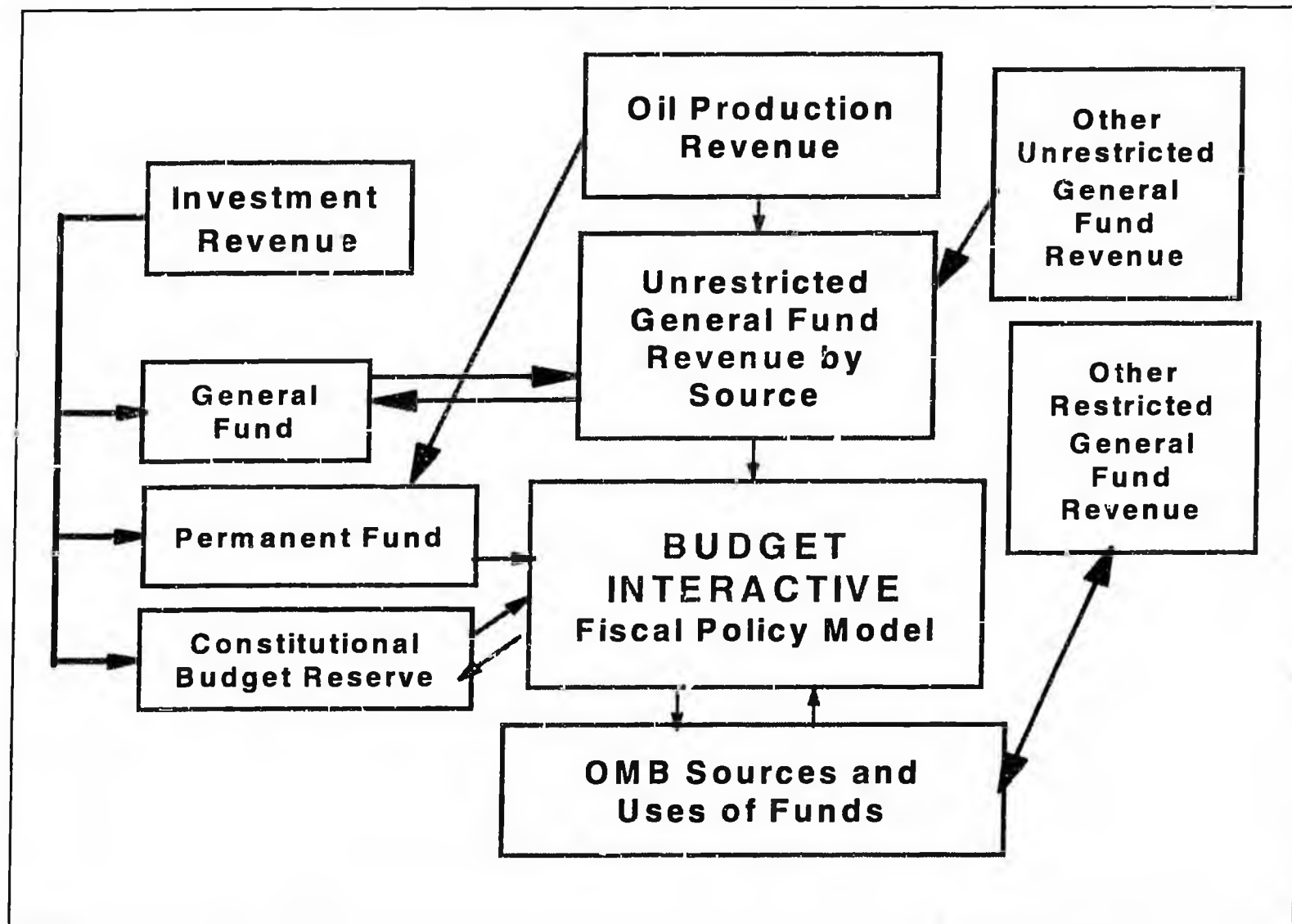


**ALASKA LEGISLATURE**

**1897**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

## A. Revenue Forecast Methodology



## B. General Fund Unrestricted Revenue Sensitivity Matrices

		<b>FY 2000</b>				
		Million Barrels per Day				
		<u>0.90</u>	<u>0.95</u>	<u>1.00</u>	<u>1.05</u>	<u>1.10</u>
\$ per Barrel	10.00	1180	1190	1200	1210	1220
	11.00	1210	1220	1240	1250	1260
	12.00	1240	1260	1270	1290	1300
	13.00	1270	1290	1310	1330	1350
	14.00	1330	1350	1380	1400	1420
	15.00	1390	1420	1440	1470	1500
	16.00	1450	1480	1510	1550	1580
	17.00	1500	1540	1580	1620	1660
	18.00	1560	1600	1650	1690	1730
	19.00	1620	1660	1710	1760	1810
20.00	1670	1730	1780	1830	1890	

		<b>FY 2001</b>				
		Million Barrels per Day				
		<u>0.90</u>	<u>0.95</u>	<u>1.00</u>	<u>1.05</u>	<u>1.10</u>
\$ per Barrel	10.00	1030	1050	1070	1090	1100
	11.00	1090	1110	1130	1150	1170
	12.00	1150	1170	1190	1220	1240
	13.00	1200	1230	1260	1280	1310
	14.00	1260	1290	1320	1350	1380
	15.00	1320	1350	1380	1420	1450
	16.00	1370	1410	1450	1480	1520
	17.00	1430	1470	1510	1550	1590
	18.00	1490	1530	1570	1610	1660
	19.00	1540	1590	1630	1680	1730
20.00	1600	1650	1700	1750	1800	

		<b>FY 2002</b>				
		Million Barrels per Day				
		<u>0.90</u>	<u>0.95</u>	<u>1.00</u>	<u>1.05</u>	<u>1.10</u>
\$ per Barrel	10.00	1030	1050	1070	1090	1100
	10.00	1010	1030	1040	1060	1080
	11.00	1060	1080	1100	1120	1140
	12.00	1120	1140	1160	1190	1210
	13.00	1170	1200	1220	1250	1270
	14.00	1230	1260	1290	1310	1340
	15.00	1280	1310	1350	1380	1410
	16.00	1340	1370	1410	1440	1480
	17.00	1390	1430	1470	1510	1540
	18.00	1450	1490	1530	1570	1610
19.00	1500	1550	1590	1630	1680	
20.00	1560	1600	1650	1700	1740	

### C. AKSAS Adjustments to GF Unrestricted Revenue to Derive Unrestricted General Purpose Revenue

	<i>Unrestricted General Fund Revenue per AKSAS</i>			<i>Adjustments to AKSAS Structure</i>			<i>Unrestricted General Purpose Revenue</i>		
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
	<b>TAXES</b>								
<u>Property Tax</u> <sup>(1)</sup>	48.8	45.7	43.8	0.0	0.0	0.0	48.8	45.7	43.8
<u>Sales/Use Tax</u>									
Alcoholic Beverage	12.2	12.0	12.0	0.0	0.0	0.0	12.2	12.0	12.0
Tobacco Products	15.2	14.5	14.3	0.0	0.0	0.0	15.2	14.5	14.3
Insurance Premium	28.4	28.1	28.4	0.0	0.0	0.0	28.4	28.1	28.4
Electric and Telephone Cooperative <sup>(2)</sup>	3.7	2.9	2.9	(3.5)	(2.7)	(2.7)	0.2	0.2	0.2
Motor Fuel Tax-Aviation <sup>(3)</sup>	5.6	5.6	5.6	(0.2)	(0.2)	(0.2)	5.4	5.4	5.4
Motor Fuel Tax-Highway	25.5	25.0	25.0	0.0	0.0	0.0	25.5	25.0	25.0
Motor Fuel Tax-Marine	<u>6.7</u>	<u>7.0</u>	<u>6.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>6.7</u>	<u>7.0</u>	<u>6.7</u>
<b>Subtotal</b>	<b>97.3</b>	<b>95.1</b>	<b>94.9</b>	<b>(3.7)</b>	<b>(2.9)</b>	<b>(2.9)</b>	<b>93.6</b>	<b>92.2</b>	<b>92.0</b>
<u>Income Tax</u>									
Corporation General	53.8	52.0	50.0	0.0	0.0	0.0	53.8	52.0	50.0
Corporation Petroleum	<u>145.1</u>	<u>175.0</u>	<u>175.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>145.1</u>	<u>175.0</u>	<u>175.0</u>
<b>Subtotal</b>	<b>198.9</b>	<b>227.0</b>	<b>225.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>198.9</b>	<b>227.0</b>	<b>225.0</b>
<u>Severance Tax</u>									
Oil and Gas Production	358.6	566.9	449.3	0.0	0.0	0.0	358.6	566.9	449.3
Oil and Gas Conservation	1.4	0.1	0.0	0.0	0.0	0.0	1.4	0.1	0.0
Oil and Gas Haz Release	<u>11.1</u>	<u>9.8</u>	<u>9.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>11.1</u>	<u>9.8</u>	<u>9.7</u>
<b>Subtotal</b>	<b>371.1</b>	<b>576.9</b>	<b>459.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>371.1</b>	<b>576.9</b>	<b>459.0</b>
<u>Other Resource Tax (Fish)</u>									
Salmon and Seafood Marketing <sup>(4)</sup>	5.3	6.7	5.6	0.0	0.0	0.0	5.3	6.7	5.6
Salmon Enhancement <sup>(5)</sup>	3.9	4.9	4.0	(3.9)	(4.9)	(4.0)	0.0	0.0	0.0
Dive Fishery Management Assessment <sup>(6)</sup>	0.0	0.2	0.2	0.0	(0.2)	(0.2)	0.0	0.0	0.0
Fisheries Business <sup>(7)</sup>	25.9	33.0	26.2	(13.2)	(16.5)	(13.1)	12.7	16.5	13.1
Fishery Resource Landing <sup>(8)</sup>	5.9	6.0	5.5	(2.4)	(3.0)	(2.8)	3.5	3.0	2.7
Mining (AKSAS Only)	<u>0.6</u>	<u>1.7</u>	<u>2.2</u>	<u>(0.6)</u>	<u>(1.7)</u>	<u>(2.2)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>41.6</b>	<b>52.5</b>	<b>43.7</b>	<b>(19.5)</b>	<b>(24.6)</b>	<b>(20.1)</b>	<b>22.1</b>	<b>27.9</b>	<b>23.6</b>
<u>Other Tax</u>									
Mining (non- AKSAS)				0.6	1.7	2.2	0.6	1.7	2.2
Estate	1.7	1.8	1.9	0.0	0.0	0.0	1.7	1.8	1.9
Charitable Gaming	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>
<b>Subtotal</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>0.6</b>	<b>1.7</b>	<b>2.2</b>	<b>4.5</b>	<b>5.7</b>	<b>6.3</b>

**LICENSES AND PERMITS**

Motor Vehicle	31.6	31.6	31.6	0.0	0.0	0.0	31.6	31.6	31.6
Other <sup>(9)</sup>	<u>32.1</u>	<u>32.0</u>	<u>32.0</u>	<u>(0.8)</u>	<u>(0.8)</u>	<u>(0.8)</u>	<u>31.3</u>	<u>31.2</u>	<u>31.2</u>
<b>Subtotal</b>	<b>63.7</b>	<b>63.6</b>	<b>63.6</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>62.9</b>	<b>62.8</b>	<b>62.8</b>

<b>INTERGOVERNMENTAL RECEIPTS</b>	0.8	1.0	1.0	(0.8)	(1.0)	(1.0)	0.0	0.0	0.0
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**CHARGES FOR SERVICES**

Marine Highways <sup>(10)</sup>	38.8	39.5	39.5	(38.8)	(39.5)	(39.5)	0.0	0.0	0.0
Other <sup>(11)</sup>	<u>31.8</u>	<u>33.8</u>	<u>34.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>31.8</u>	<u>33.8</u>	<u>34.3</u>
<b>Subtotal</b>	<b>70.6</b>	<b>73.3</b>	<b>73.8</b>	<b>(38.8)</b>	<b>(39.5)</b>	<b>(39.5)</b>	<b>31.8</b>	<b>33.8</b>	<b>34.3</b>

**FINES AND FORFEITURES**

Tobacco Settlements <sup>(12)</sup>	0.0	27.9	20.9	0.0	(27.9)	(20.9)	0.0	0.0	0.0
Other	<u>12.5</u>	<u>12.0</u>	<u>12.0</u>	<u>(12.5)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>12.5</b>	<b>39.9</b>	<b>32.9</b>	<b>(12.5)</b>	<b>(39.9)</b>	<b>(32.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**RENTS AND RESOURCES**

Mineral Bonuses and Rents <sup>(13)(14)</sup>	25.6	5.0	5.0	0.0	0.0	0.0	25.6	5.0	5.0
Net Oil and Gas Royalties <sup>(13)</sup>	322.6	583.7	496.6	0.0	0.0	0.0	322.6	583.7	496.6
Timber Sales (AKSAS)	0.3	0.4	0.2	(0.3)	(0.4)	(0.2)	0.0	0.0	0.0
Net Coal Rent and Royalties <sup>(13)</sup> (AKSAS)	0.8	1.6	1.0	(0.8)	(1.6)	(1.0)	0.0	0.0	0.0
Other Resource Revenue (AKSAS)	<u>9.8</u>	<u>8.0</u>	<u>8.0</u>	<u>(9.8)</u>	<u>(8.0)</u>	<u>(8.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Subtotal</b>	<b>359.1</b>	<b>598.7</b>	<b>510.8</b>	<b>(10.9)</b>	<b>(10.0)</b>	<b>(9.2)</b>	<b>348.2</b>	<b>588.7</b>	<b>501.6</b>

<b>INVESTMENT EARNINGS<sup>(15)</sup></b>	46.5	45.0	45.0	0.0	0.0	0.0	46.5	45.0	45.0
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**OTHER MISCELLANEOUS<sup>(16)</sup>**

Intergovernmental Receipts (non- AKSAS)	0.0	0.0	0.0	0.8	1.0	1.0	0.8	1.0	1.0
Fines & Forfeitures (non- AKSAS)	0.0	0.0	0.0	12.5	39.9	32.9	12.5	39.9	32.9
Timber Sales (non-AKSAS)	0.0	0.0	0.0	0.3	0.4	0.2	0.3	0.4	0.2
Net Coal Rent and Royalties <sup>(13)</sup> (non-AKSAS)	0.0	0.0	0.0	0.8	1.6	1.0	0.8	1.6	1.0
Other Resource Revenue (non-AKSAS)	0.0	0.0	0.0	9.8	8.0	8.0	9.8	8.0	8.0
Unclaimed Property	0.0	0.0	0.0	1.5	1.5	1.5	1.5	1.5	1.5
Deposit Excess Loan Funds	0.0	0.0	0.0	0.5	0.3	0.3	0.5	0.3	0.3
AHFC Dividend	0.0	0.0	0.0	0.0	17.4	0.0	0.0	17.4	0.0
Other Miscellaneous	<u>37.3</u>	<u>30.0</u>	<u>30.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>37.3</u>	<u>30.0</u>	<u>30.0</u>
<b>Subtotal</b>	<b>37.3</b>	<b>30.0</b>	<b>30.0</b>	<b>26.2</b>	<b>70.1</b>	<b>44.9</b>	<b>63.5</b>	<b>100.1</b>	<b>74.9</b>

**TOTAL GENERAL FUND**

<b>UNRESTRICTED REVENUE<sup>(17)</sup></b>	<b>1,352.1</b>	<b>1,852.7</b>	<b>1,627.7</b>
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<b>Adjustments</b>				<b>(60.8)</b>	<b>(48.6)</b>	<b>(61.5)</b>
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**UNRESTRICTED GENERAL PURPOSE REVENUE**

	<b>1,291.3</b>	<b>1,804.1</b>	<b>1,566.2</b>
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## D. Appendix C Footnotes

<sup>(1)</sup> Amounts represent the state's share of the total oil and gas property taxes collected. Estimated total property taxes and the municipalities' share are as follows (\$ Million): FY 1999, \$270.8 and \$222.3; FY 2000, \$255.5 and \$209.8; FY 2001, \$246.8 and \$203; and FY 2002, \$237.1 and \$195.1. The state never receives the municipal portion of this tax.

<sup>(2)</sup> One hundred percent of this tax is subject to sharing with qualified municipalities (AS 10.25.570). Cooperative taxes sourced from outside of municipalities are retained by the state.

<sup>(3)</sup> Sixty percent of taxes attributable to aviation fuel sales at municipally owned or operated airports are subject to sharing with qualified municipalities (AS 43.40.010).

<sup>(4)</sup> Provides annual funding for the Alaska Seafood Marketing Institute (AS 16.51.120 and AS 43.76.120). The salmon marketing tax sunsets on June 30, 2003.

<sup>(5)</sup> Provides annual funding for qualified regional aquaculture associations (AS 43.76.025).

<sup>(6)</sup> Starting in FY 2000, this assessment (subject to legislative appropriation) will provide annual funding to a qualified regional dive fishery association (AS 43.76.150).

<sup>(7)</sup> Fifty percent is subject to sharing with qualified municipalities (AS 43.75.130).

<sup>(8)</sup> Fifty percent is subject to sharing with qualified municipalities (AS 43.77.060).

<sup>(9)</sup> Includes amounts from professional and occupational, hunting and fishing, alcoholic beverage and other miscellaneous licenses and permits. Amounts from liquor licenses (AS 04.11.610) are shared to qualified municipalities.

<sup>(10)</sup> The gross revenue of the state ferry system is deposited in the Alaska Marine Highway Fund (AS 19.65.06) and may then be appropriated for system operating and capital expenditures.

<sup>(11)</sup> Includes miscellaneous receipts for services, park fees and land-disposal fees. Projections do not include health insurance premiums, statutorily designated program receipts, Regulatory Commission of Alaska or test fisheries receipts.

<sup>(12)</sup> All payments are preliminary estimates. Inflation and volume adjustments have been estimated using the securitization agreement for New York City. Actual receipts may vary due to terms of the agreement. For FY 1999 - FY 2001, these estimates are from \$2 million to \$4 million lower than the base payments included in the spring forecast.

<sup>(13)</sup> Net of Permanent Fund and Public School Fund contributions.

<sup>(14)</sup> Future oil and gas lease sales include a Cook Inlet areawide sale in August 2000 and a Beaufort Sea areawide sale in October 2000. The North Slope areawide lease sale scheduled for February of 2000 has been postponed. Fifty percent of the bonuses are deposited into the Permanent Fund.

<sup>(15)</sup> Earnings include investment income from the General Fund and funds within the General Fund group. Additionally, includes interest income from state loans and royalty and severance taxes.

<sup>(16)</sup> Includes intergovernmental receipts, fines and forfeitures, timber sales, coal rents and royalties and other resource revenue. Does not include statutorily designated program receipts, Alaska Public Utilities Commission or test fisheries program receipts.

<sup>(17)</sup> This includes all unadjusted revenue that is collected by the state and is not restricted in its use. Federal and other grants are restricted revenue and are excluded.

## E. Petroleum Severance Tax and Royalty Revenue Forecast

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<b>Alaska North Slope</b>											
Oil Royalty- NET	550.1	465.6	428.3	429.1	443.1	434.8	434.8	408.9	379.7	348.5	313.4
Oil Severance	551.7	434.1	381.7	348.7	330.4	303.8	298.8	264.4	227.3	198.3	168.8
Conservation Tax	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release	9.6	9.5	9.4	9.4	9.6	9.7	9.7	9.1	8.7	8.1	7.5
Gas Royalty	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Gas Severance	<u>2.3</u>	<u>1.5</u>	<u>1.4</u>	<u>1.4</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.2</u>	<u>1.2</u>
<b>Total ANS</b>	<b>1,114.2</b>	<b>911.4</b>	<b>821.5</b>	<b>789.2</b>	<b>785.2</b>	<b>750.3</b>	<b>745.4</b>	<b>684.4</b>	<b>617.6</b>	<b>556.8</b>	<b>491.5</b>
<b>Cook Inlet</b>											
Oil Royalty- NET	15.2	12.1	10.6	9.6	8.8	8.1	7.7	7.1	6.5	6.0	5.6
Oil Severance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Gas Royalty	17.9	18.2	19.0	19.8	20.6	21.5	22.4	23.4	24.4	25.5	26.6
Gas Severance	<u>12.9</u>	<u>13.7</u>	<u>14.2</u>	<u>14.8</u>	<u>15.4</u>	<u>16.0</u>	<u>16.7</u>	<u>17.4</u>	<u>18.1</u>	<u>18.8</u>	<u>19.6</u>
<b>Total Cook Inlet</b>	<b>46.3</b>	<b>44.2</b>	<b>44.0</b>	<b>44.4</b>	<b>45.0</b>	<b>45.7</b>	<b>46.9</b>	<b>48.0</b>	<b>49.2</b>	<b>50.4</b>	<b>52.0</b>
<b>Total Prod Revenue</b>	<b>1,160.6</b>	<b>955.6</b>	<b>865.4</b>	<b>833.6</b>	<b>830.2</b>	<b>796.0</b>	<b>792.3</b>	<b>732.4</b>	<b>666.8</b>	<b>607.2</b>	<b>543.5</b>
<b>Bonuses</b>	<b>5.0</b>	<b>5.0</b>	<b>3.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
<b>Total Production Tax, Royalties &amp; Bonuses <sup>(1)</sup></b>	<b>1,165.6</b>	<b>960.6</b>	<b>870.4</b>	<b>838.6</b>	<b>835.2</b>	<b>801.0</b>	<b>797.3</b>	<b>737.4</b>	<b>671.8</b>	<b>612.2</b>	<b>548.5</b>

<sup>(1)</sup> See Table 12.

## F. Alternative Oil Price Scenarios

Fiscal Year	Reference Case	\$10/ Barrel	\$20/ Barrel	
	\$ per Barrel	General Purpose Revenue	General Purpose Revenue	General Purpose Revenue
2002	17.71	1492.8	1002.5	1638.5
2003	17.71	1460.3	991.0	1599.7
2004	17.71	1444.1	980.8	1581.7
2005	17.71	1409.2	963.2	1542.4
2006	18.22	1402.4	949.1	1502.2
2007	18.22	1324.8	908.3	1416.9
2008	18.22	1248.0	867.2	1248.0
2009	18.22	1176.6	828.5	1176.6
2010	18.22	1110.7	793.4	1110.7

## G. New Discoveries of Oil Production Scenarios

Million Barrels per Day

<u>Fiscal</u> <u>Year</u>	<u>Sour</u> <u>dough</u>	<u>Central</u> <u>Satellites</u>	<u>Foothills</u>	<u>NPRA</u>	<u>Point</u> <u>Thompson</u>	<u>Total</u> <u>New</u> <u>Discoveries</u>
2002	0	0	0	0	0	0
2003	0	0.0228	0	0	0	0.0228
2004	0	0.0342	0	0	0	0.0342
2005	0	0.0427	0	0	0.0034	0.0461
2006	0	0.0427	0	0	0.0102	0.0529
2007	0	0.0427	0	0	0.0144	0.0572
2008	0.0034	0.0427	0.0646	0	0.0144	0.1252
2009	0.0068	0.0427	0.1292	0.0072	0.0136	0.1995
2010	0.0085	0.0389	0.1579	0.0113	0.0136	0.2302

## H. Historical and Projected Crude Oil Prices

FY	West Texas		ANS		ANS		ANS	
	<u>Intermediate</u>		<u>Wellhead</u>		<u>West Coast</u>		<u>Market</u>	
	Nominal	Real99	Nominal	Real99	Nominal	Real99	Nominal	Real99
1982	32.98	60.04	19.82	36.08	.	.	32.04	58.32
1983	35.52	60.40	17.60	29.93	.	.	30.31	51.54
1984	30.59	50.70	17.79	29.49	.	.	29.26	48.50
1985	28.15	44.77	17.37	27.63	.	.	27.89	44.36
1986	23.11	35.42	12.41	19.02	.	.	22.03	33.77
1987	16.14	24.31	7.84	11.81	.	.	14.98	22.56
1988	18.53	26.90	10.68	15.51	16.12	23.40	16.45	23.88
1989	16.93	23.66	9.55	13.34	14.61	20.42	14.80	20.69
1990	20.06	26.66	11.89	15.80	17.22	22.89	17.34	23.05
1991	24.95	31.65	15.38	19.51	21.57	27.37	21.72	27.56
1992	20.69	25.07	11.20	13.58	16.64	20.16	16.88	20.45
1993	20.69	24.32	12.80	15.05	17.83	20.96	17.93	21.07
1994	16.69	19.05	9.57	10.92	14.05	16.03	14.22	16.23
1995	18.46	20.55	11.51	12.82	16.77	18.67	16.83	18.74
1996	19.20	20.75	12.60	13.62	17.74	19.17	17.81	19.25
1997	22.54	23.70	16.40	17.25	20.90	21.98	20.85	21.93
1998	18.03	18.54	11.85	12.18	15.86	16.30	16.03	16.48
1999	14.09	14.09	8.47	8.47	12.73	12.73	12.70	12.70
2000	21.37	20.75	15.73	15.27	20.13	19.55	20.11	19.52
2001	19.88	18.74	13.92	13.12	18.28	17.23	18.26	17.21
2002	19.31	17.67	13.12	12.01	17.71	16.21	17.69	16.19
2003	19.31	17.16	13.11	11.65	17.71	15.74	17.69	15.72
2004	19.31	16.66	13.07	11.27	17.71	15.28	17.69	15.26
2005	19.31	16.17	12.90	10.80	17.71	14.83	17.69	14.82
2006	19.82	16.12	13.26	10.78	18.22	14.81	18.20	14.80
2007	19.82	15.65	13.22	10.44	18.22	14.38	18.22	14.38
2008	19.82	15.19	12.99	9.96	18.22	13.96	18.22	13.96
2009	19.82	14.75	12.76	10.98	18.22	13.56	18.22	13.56
2010	19.82	14.32	12.35	8.92	18.22	13.16	18.22	13.16

# I. Historical and Projected Crude Oil Production

FY	Prudhoe Bay	PBU Satellites	Kupa ruk	Kup Satellites	Milne Point	Endicott	Lis burne	Point McIntyre	Njakuk	West Beach	Alpine	North star	Liberty	Known Onshore	Known Offshore	CRU Satellite	Total ANS
1978	0.711	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	0.711
1979	1.197	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1.197
1980	1.421	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1.421
1981	1.511	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1.511
1982	1.531	.	0.039	.	.	.	.	.	.	.	.	.	.	.	.	.	1.570
1983	1.532	.	0.095	.	.	.	.	.	.	.	.	.	.	.	.	.	1.627
1984	1.556	.	0.120	.	.	.	.	.	.	.	.	.	.	.	.	.	1.676
1985	1.534	.	0.161	.	.	.	.	.	.	.	.	.	.	.	.	.	1.694
1986	1.555	.	0.238	.	0.009	.	.	.	.	.	.	.	.	.	.	.	1.802
1987	1.564	.	0.272	.	0.006	.	0.018	.	.	.	.	.	.	.	.	.	1.849
1988	1.613	.	0.288	.	0.000	0.069	0.044	.	.	.	.	.	.	.	.	.	1.960
1989	1.522	.	0.300	.	0.002	0.098	0.038	.	.	.	.	.	.	.	.	.	1.909
1990	1.402	.	0.300	.	0.011	0.100	0.037	.	.	.	.	.	.	.	.	.	1.803
1991	1.336	.	0.299	.	0.018	0.108	0.039	.	.	.	.	.	.	.	.	.	1.743
1992	1.308	.	0.316	.	0.020	0.111	0.037	.	.	.	.	.	.	.	.	.	1.722
1993	1.201	.	0.322	.	0.018	0.115	0.030	.	.	0.001	.	.	.	.	.	.	1.612
1994	1.091	.	0.308	.	0.018	0.099	0.020	0.059	0.002	0.004	.	.	.	.	.	.	1.531
1995	0.991	.	0.303	.	0.021	0.099	0.020	0.121	0.014	0.003	.	.	.	.	.	.	1.572
1996	0.862	.	0.283	.	0.050	0.089	0.015	0.147	0.025	0.002	.	.	.	.	.	.	1.474
1997	0.807	.	0.267	.	0.053	0.068	0.013	0.166	0.029	0.002	.	.	.	.	.	.	1.404
1998	0.712	.	0.260	0.001	0.054	0.058	0.008	0.152	0.029	0.000	.	.	.	.	.	.	1.275
1999	0.639	.	0.241	0.025	0.055	0.048	0.007	0.119	0.030	0.000	.	.	.	.	.	.	1.164
2000	0.564	0.006	0.222	0.036	0.054	0.047	0.007	0.093	0.027	0.002	.	.	.	.	.	.	1.058
2001	0.522	0.017	0.206	0.035	0.053	0.044	0.008	0.075	0.022	0.003	0.060	.	.	.	.	.	1.045
2002	0.489	0.029	0.200	0.042	0.056	0.043	0.010	0.062	0.018	0.002	0.080	.	.	.	.	.	1.031
2003	0.460	0.046	0.193	0.040	0.059	0.043	0.009	0.055	0.015	0.002	0.080	0.025	.	.	.	.	1.028
2004	0.437	0.061	0.183	0.039	0.062	0.041	0.008	0.048	0.013	0.002	0.080	0.050	.	0.020	.	.	1.045
2005	0.412	0.066	0.181	0.048	0.063	0.039	0.007	0.043	0.011	0.001	0.073	0.050	0.025	0.030	.	0.007	1.058
2006	0.391	0.069	0.170	0.049	0.062	0.037	0.006	0.038	0.010	0.001	0.068	0.050	0.055	0.030	.	0.012	1.049
2007	0.372	0.072	0.159	0.046	0.061	0.035	0.006	0.034	0.009	0.001	0.063	0.039	0.048	0.026	.	0.015	0.987
2008	0.347	0.074	0.149	0.045	0.061	0.034	0.005	0.030	0.008	0.001	0.059	0.031	0.038	0.024	0.012	0.014	0.930
2009	0.331	0.071	0.139	0.043	0.059	0.028	0.005	0.026	0.007	0.001	0.054	0.027	0.031	0.021	0.015	0.013	0.871
2010	0.315	0.064	0.125	0.042	0.057	0.026	0.004	0.024	0.006	0.001	0.049	0.024	0.027	0.019	0.014	0.012	0.810

<sup>(1)</sup> PBU Satellites: Midnight Sun, Sambuca and PBU-Schrader.

<sup>(2)</sup> Kup Satellites: West Sak, Tabasco and Tarn.

<sup>(3)</sup> Milne Point: includes Schrader Bluff and Sag River.

<sup>(4)</sup> Endicott: includes Sag Delta, Eider and Badami.

<sup>(5)</sup> West Beach includes North Prudhoe Bay State.

<sup>(6)</sup> Known Onshore: Sourdough and Point Thompson.

<sup>(7)</sup> Known Offshore: Sandpiper and Other.

## J. Historical General Fund Unrestricted Revenue

FY	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>TAXES</b>															
<b>Property Tax</b>	128.4	113.5	102.5	96.2	89.7	89.8	85.0	69.0	66.9	61.5	57.3	56.0	53.6	51.3	48.8
<b>Sales/Use</b>															
Alcoholic Beverages	13.9	13.3	12.6	12.1	11.2	12.0	12.2	12.0	11.9	12.0	12.0	12.0	11.6	11.8	12.2
Tobacco Products	2.0	4.9	6.6	6.1	6.4	11.0	14.0	14.3	14.0	14.1	14.4	14.2	13.7	15.4	15.2
Insurance Premium	17.5	21.1	23.7	23.7	19.4	22.7	24.4	25.5	26.3	26.1	27.9	28.2	28.4	33.7	28.4
Motor Fuel Tax-Aviation	8.0	8.1	8.5	9.0	10.1	9.4	10.7	10.7	6.4	6.9	8.0	8.2	8.1	5.3	5.6
Motor Fuel Tax-Highway	23.7	22.7	18.3	19.3	20.0	22.9	19.1	23.2	25.6	25.5	24.0	21.0	19.9	24.0	25.5
Motor Fuel Tax-Marine	<u>4.3</u>	<u>5.3</u>	<u>5.4</u>	<u>5.3</u>	<u>7.2</u>	<u>9.2</u>	<u>10.0</u>	<u>9.4</u>	<u>8.8</u>	<u>8.1</u>	<u>7.6</u>	<u>8.5</u>	<u>7.3</u>	<u>6.3</u>	<u>6.7</u>
Total	69.4	75.4	75.1	75.5	74.9	87.2	90.4	95.1	93	92.7	93.9	92.1	89.0	96.5	93.6
<b>Income Tax</b>															
Corporation General	36.0	11.2	20.5	23.4	38.0	45.3	37.9	33.7	25.1	44.3	67.0	53.3	48.4	53.4	53.8
Corporation Petroleum	<u>168.6</u>	<u>133.9</u>	<u>120.4</u>	<u>158.0</u>	<u>166.0</u>	<u>117.2</u>	<u>185.1</u>	<u>165.5</u>	<u>117.6</u>	<u>17.8</u>	<u>128.5</u>	<u>173.7</u>	<u>269.4</u>	<u>200.1</u>	<u>145.1</u>
Total	204.6	145.1	140.9	181.4	204.0	162.5	223.0	199.2	142.7	62.1	195.5	227.0	317.8	253.5	198.9
<b>Severance Tax</b>															
Oil and Gas Production	1388.7	1107.4	647.3	816.4	696.4	972.3	1253.8	1022.2	989.4	662.8	769.8	771.7	907.0	564.4	358.6
Oil and Gas Conservation	0.7	0.5	1.2	2.3	2.4	2.4	2.3	2.3	2.1	2.3	2.0	1.8	1.7	1.6	1.4
Oil and Gas Hazardous Release	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>26.9</u>	<u>28.0</u>	<u>28.7</u>	<u>26.1</u>	<u>27.0</u>	<u>22.1</u>	<u>13.7</u>	<u>12.9</u>	<u>11.8</u>	<u>11.1</u>
Total	1389.4	1107.9	648.5	818.7	698.8	1001.6	1284.1	1053.2	1017.6	692.1	793.9	787.2	921.6	577.8	371.1
<b>Other Natural Resource Tax</b>															
Salmon and Seafood Marketing	1.0	1.1	1.4	2.7	3.3	3.3	3.3	2.8	3.6	5.8	7.9	8.6	7.6	5.6	5.3
Salmon Enhancement	2.6	4.3	4.4	5.8	9.5	6.5	6.2	4.2	6.8	5.0	5.7	5.2	4.2	4.2	3.9
Fisheries Business	18.7	21.1	26.5	22.5	26.7	25.1	31.1	30.1	42.2	33.9	39.0	38.2	31.0	28.5	25.9
Fish Landing	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>7.3</u>	<u>7.1</u>	<u>7.3</u>	<u>3.8</u>	<u>5.9</u>
Total	22.3	26.5	32.3	31.0	39.5	34.9	40.6	37.1	52.6	44.8	59.9	59.1	50.1	42.1	41.0
<b>Other Tax</b>															
Estate	0.5	0.7	1.1	0.3	0.7	1.1	3.3	1.0	0.9	1.6	1.2	1.7	1.7	5.5	1.7
Other	<u>40.9</u>	<u>4.3</u>	<u>3.8</u>	<u>3.8</u>	<u>4.2</u>	<u>4.7</u>	<u>4.1</u>	<u>4.1</u>	<u>4.1</u>	<u>4.7</u>	<u>4.8</u>	<u>4.9</u>	<u>5.0</u>	<u>6.1</u>	<u>6.5</u>
Total	41.4	5.0	4.9	4.1	4.9	5.8	7.4	5.1	5.0	6.3	6.0	6.6	6.7	11.6	8.2
<b>TOTAL TAXES</b>	<b>1855.5</b>	<b>1473.4</b>	<b>1004.2</b>	<b>1206.9</b>	<b>1111.8</b>	<b>1381.8</b>	<b>1730.5</b>	<b>1458.7</b>	<b>1377.8</b>	<b>959.5</b>	<b>1206.5</b>	<b>1228.0</b>	<b>1438.8</b>	<b>1032.7</b>	<b>761.6</b>

FY	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b><u>Licenses and Permits</u></b>	28.9	29.3	29.2	28.3	28.3	27.8	29.1	32.4	32.7	35.7	34.7	60.9	69.0	74.6	63.7
<b><u>Intergovernmental Receipts</u></b>															
Federal Shared Revenues	10.5	14.5	9.7	6.9	6.1	10.0	14.8	11.4	10.3	4.3	4.2	1.0	2.0	2.2	0.8
<b><u>Charges for Services</u></b>															
Marine Highways	33.4	32.3	31.3	29.8	33.1	34.0	40.7	42.3	40.8	40.4	41.5	38.5	38.6	37.1	38.8
Other	<u>19.2</u>	<u>15.9</u>	<u>15.7</u>	<u>10.0</u>	<u>10.5</u>	<u>12.2</u>	<u>16.5</u>	<u>44.1</u>	<u>14.3</u>	<u>18.0</u>	<u>18.1</u>	<u>36.9</u>	<u>39.5</u>	<u>34.9</u>	<u>31.8</u>
Total	52.6	48.2	47.0	39.8	43.6	46.2	57.2	86.4	55.1	58.4	59.6	75.4	78.1	72.0	70.6
<b><u>Fines and Forfeitures</u></b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	8.2	37.7	12.5
<b><u>Rents and Royalties</u></b>															
Mineral Bonuses, Rents, Royalties	16.6	40.9	6.5	11.6	16.7	5.3	24.8	6.5	44.3	5.2	5.6	6.9	7.4	23.0	25.6
Oil and Gas Royalties	1034.0	830.7	439.3	694.8	605.9	747.4	951.6	702.4	711.3	512.1	628.3	642.2	759.2	480.4	322.6
Timber Sales	3.1	2.9	7.2	1.1	0.5	0.8	0.4	0.6	0.6	0.4	0.6	1.5	1.9	0.8	0.3
Sale of State Property	<u>8.5</u>	<u>8.7</u>	<u>7.0</u>	<u>3.8</u>	<u>4.9</u>	<u>4.3</u>	<u>4.7</u>	<u>1.0</u>	<u>4.0</u>	<u>9.0</u>	<u>21.8</u>	<u>8.1</u>	<u>8.6</u>	<u>8.1</u>	<u>10.6</u>
Total	1062.2	883.2	460.0	711.3	628.0	757.8	981.5	710.5	760.2	526.7	656.3	658.7	777.1	512.3	359.1
<b><u>Investment Earnings</u></b>	233.5	195.2	161.9	132.6	100.7	117.9	125.0	101.8	70.9	31.7	72.4	64.1	77.1	60.6	46.5
<b><u>Miscellaneous Revenue</u></b>	16.8	13.0	16.9	16.1	10.0	10.9	14.9	61.4	45.0	36.2	49.2	35.8	44.6	33.5	37.3
<b>Sub-Total NON-TAX REVENUE</b>	1404.5	1183.4	724.7	935.0	816.7	970.6	1222.5	1003.9	974.2	693.0	876.4	905.3	1056.1	792.8	590.5
Plus: Income from prior years	0.0	418.7	76.5	163.9	257.7	154.8	33.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL NON-TAX REVENUE</b>	1404.5	1602.1	795.2	1098.9	1074.4	1125.4	1256.1	1003.9	974.2	693.0	876.4	905.3	1056.1	792.8	590.5
<b>TOTAL TAX REVENUE</b>	1855.5	1473.4	1004.2	1206.9	1111.8	1381.8	1730.5	1458.7	1377.8	959.5	1206.5	1228.0	1438.8	1032.7	761.6
<b>TOTAL GENERAL FUND UNRESTRICTED REVENUE</b>	3260.0	3075.5	1799.4	2305.8	2186.2	2507.2	2986.6	2462.6	2352.0	1652.5	2082.9	2133.3	2494.9	1825.5	1352.1

(1) Starting in FY 1996, all General Fund program receipts are included in General Fund unrestricted revenue. FY 1996 also includes payments from the TAPS Liability Fund.

# K. Historical Petroleum Revenue

FY	Corporation		Petroleum		Reserve	Tax	Royalties and Bonuses	Special		Total	Cumulative	Total		Petroleum
	Petroleum	Severance	Property	Tax				Petroleum	Settlements			Petroleum	Revenue	
	Tax	Tax	Tax	Tax	Tax						Revenue	Revenue	Revenue	Revenue
1965	.0	0.3	.0	.0	.0	8.4	7.8	.0	.0	16.5	102.4	83.0	83.0	20%
1966	.0	0.3	.0	.0	.0	8.0	13.3	.0	.0	21.6	124.0	86.5	86.5	25%
1967	.0	0.5	.0	.0	.0	9.6	11.4	.0	.0	21.5	145.5	86.6	86.6	25%
1968	0.1	10.2	.0	.0	.0	17.0	24.7	.0	.0	52.0	197.5	112.7	112.7	46%
1969	0.1	5.6	.0	.0	.0	24.7	4.1	.0	.0	34.5	232.0	112.4	112.4	31%
1970	0.4	7.9	.0	.0	.0	27.5	903.1	.0	.0	938.9	1170.9	1067.3	1067.3	88%
1971	0.9	10.5	.0	.0	.0	32.5	3.1	.0	.0	47.0	1217.9	220.4	220.4	21%
1972	1.2	11.4	.0	.0	.0	32.5	3.3	.0	.0	48.4	1266.3	219.2	219.2	22%
1973	0.9	12.0	.0	.0	.0	30.2	7.2	.0	.0	50.3	1316.6	208.2	208.2	24%
1974	1.2	14.8	.0	.0	.0	35.8	28.4	.0	.0	80.2	1396.8	254.9	254.9	31%
1975	2.5	26.6	6.6	.0	.0	49.8	4.9	.0	.0	90.4	1487.2	333.4	333.4	27%
1976	4.9	28.0	83.4	223.1	.0	48.4	3.7	.0	.0	391.5	1878.7	709.8	709.8	55%
1977	5.0	23.8	139.1	270.6	.0	36.3	2.8	.0	.0	477.6	2356.3	874.3	874.3	55%
1978	8.4	107.7	173.0	.0	.0	150.6	1.8	.0	.0	441.5	2797.8	764.9	764.9	58%
1979	232.6	173.8	163.4	.0	.0	250.2	1.6	.0	.0	821.6	3619.4	1133.0	1133.0	73%
1980	547.5	506.5	168.9	.0	.0	689.4	344.2	.0	.0	2256.5	5875.9	2501.2	2501.2	90%
1981	860.1	1170.2	143.0	.0	.0	1119.7	11.3	.0	.0	3304.3	9180.2	3718.0	3718.0	89%
1982	668.9	1581.7	142.7	.0	.0	1174.4	7.1	.0	.0	3574.8	12755.0	4108.4	4108.4	87%
1983	236.0	1493.7	152.6	.0	.0	1105.6	38.7	.0	.0	3026.6	15781.6	3631.0	3631.0	83%
1984	265.1	1393.1	131.0	.0	.0	1058.5	13.9	.0	.0	2861.6	18643.2	3390.1	3390.1	84%
1985	168.6	1389.4	128.4	.0	.0	1042.2	14.9	.0	.0	2743.5	21386.7	3260.0	3260.0	84%
1986	133.9	1107.9	113.5	.0	.0	845.0	38.9	418.2	2657.4	2657.4	24044.1	3075.5	3075.5	86%
1987	120.4	648.5	102.5	.0	.0	448.3	4.3	70.5	1394.5	1394.5	25438.6	1799.4	1799.4	77%
1988	158.0	818.7	96.2	.0	.0	701.5	11.3	163.9	1949.6	1949.6	27388.2	2305.8	2305.8	85%
1989	166.0	698.8	89.7	.0	.0	611.5	16.7	257.7	1840.4	1840.4	29228.6	2186.2	2186.2	84%
1990	117.2	1001.6	89.8	0.0	0.0	753.7	4.2	154.8	2121.3	2121.3	31349.9	2507.2	2507.2	85%
1991	185.1	1284.8	85.0	0.0	0.0	958.7	24.7	33.5	2571.8	2571.8	33921.7	2986.6	2986.6	86%
1992	165.5	1053.2	69.0	0.0	0.0	708.2	6.8	4.7	2007.4	2007.4	35929.1	2462.6	2462.6	82%
1993	117.6	1017.6	66.9	0.0	0.0	716.7	44.3	4.7	1967.8	1967.8	37896.9	2352.0	2352.0	84%
1994	17.8	692.1	61.5	0.0	0.0	516.1	5.1	0.1	1292.7	1292.7	39189.6	1652.5	1652.5	78%
1995	128.5	793.9	57.3	0.0	0.0	631.8	5.0	0.7	1617.2	1617.2	40806.8	2082.9	2082.9	78%
1996	173.7	787.2	56.0	0.0	0.0	642.2	5.7	0.0	1664.8	1664.8	42471.6	2133.3	2133.3	78%
1997	269.4	921.6	53.6	0.0	0.0	759.2	6.4	0.0	2010.2	2010.2	44481.8	2494.9	2494.9	81%
1998	200.1	577.8	51.3	0.0	0.0	480.4	23.0	0.0	1332.7	1332.7	45814.5	1825.5	1825.5	73%
1999	145.1	371.1	48.8	0.0	0.0	322.6	25.6	0.0	913.2	913.2	46727.7	1352.1	1352.1	68%

(1) These categories are primarily composed of petroleum revenue, however, they include some additional revenue from other minerals (mostly coal).  
 (2) Royalties and bonuses and rents are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.  
 (3) Not subject to CBRF deposits.  
 (4) Tax settlements are in the CBRF.  
 (5) This table shows historical petroleum revenues from FY 1965-1998. The cumulative petroleum revenue total is based on revenue beginning in FY 1959.

## L. Other Statutory Restricted Revenue From Table 22

<u>FUND NAME</u>	(\$ Thousand)	
	<u>FY 1999</u>	<u>FY 2000</u>
Agricultural Loan Fund	1,863.9	2,110.4
Veterans Revolving Loan Fund	118.6	147.8
Commercial Fishing Loan Fund	2,768.8	2,783.9
Real Estate Surety Fund	56.4	270.6
Student Revolving Loan Fund	21.6	22.2
Training and Building Fund	336.7	572.5
Rural Development Initiative Fund	98.0	98.0
State Employment & Training Program	4,046.1	7,446.1
Small Business Loan Fund	3.5	3.3
Correctional Industries Fund	3,327.5	3,500.6
Power Project Loan Fund	674.4	1,052.5
Rural Electrification Revolving Loan Fund	392.0	366.1
Mining Revolving Loan Fund	5.0	5.0
Child Care Revolving Loan Fund	5.8	5.8
Historical District Revolving Loan Fund	2.0	2.5
Fisheries Enhancement Revolving Loan Fund	310.5	325.5
Alternative Energy Revolving Loan Fund	149.1	148.7
Bulk Fuel Revolving Loan Fund	43.7	49.0
Clean Air Protection Fund	1,986.3	2,139.6
Alaska Aerospace Development Corporation Receipts	500.2	6,043.2
Alaska Post-Secondary Education Commission Receipts	7,179.6	7,549.6
Alaska Energy Authority Corporate Receipts	948.6	1,049.5
Statutory Designated Program Receipts	32,496.8	31,453.5
Test Fisheries Receipts	2,276.4	3,970.5
Alaska Public Utility Commission	4,299.3	5,199.2
Vocational Rehabilitation Small Business Enterprise Fund	<u>0.0</u>	<u>215.0</u>
<b>Total</b>	<b>63,910.8</b>	<b>76,530.6</b>

In accordance with AS 37.07.060 (b)(4), the Revenue Sources book is compiled biannually by the Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources: (1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues; (2) a petroleum revenue model created by the department's Oil and Gas Audit Division; and (3) estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this document.

The Department of Revenue complies with Title II of the Americans With Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the division's representative at (907) 465-3692 or (907) 465-3678 (TDD) to make necessary arrangements.

This publication was released by the Department of Revenue, Oil and Gas Audit Division, 550 West Seventh Avenue, Suite 570, Anchorage, Alaska, 99501.  
(<http://www.revenue.state.ak.us/oga>)

It was printed at a cost of \$5.04 per copy to assist the governor in formulating a proposed comprehensive financial plan for presentation for the Alaska State Legislature, and printed in Anchorage, Alaska. This publication is required by AS 37.07.060.

Our Fall 1999 Revenue Sources Book is available on the web:

<http://www.revenue.state.ak.us/oga>

1/13/00

Overview:

FY01

Budget

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**SFIN**

**FILE**

# The Fiscal Year 2001 Budget:

## legislative fiscal analyst overview of the governor's request

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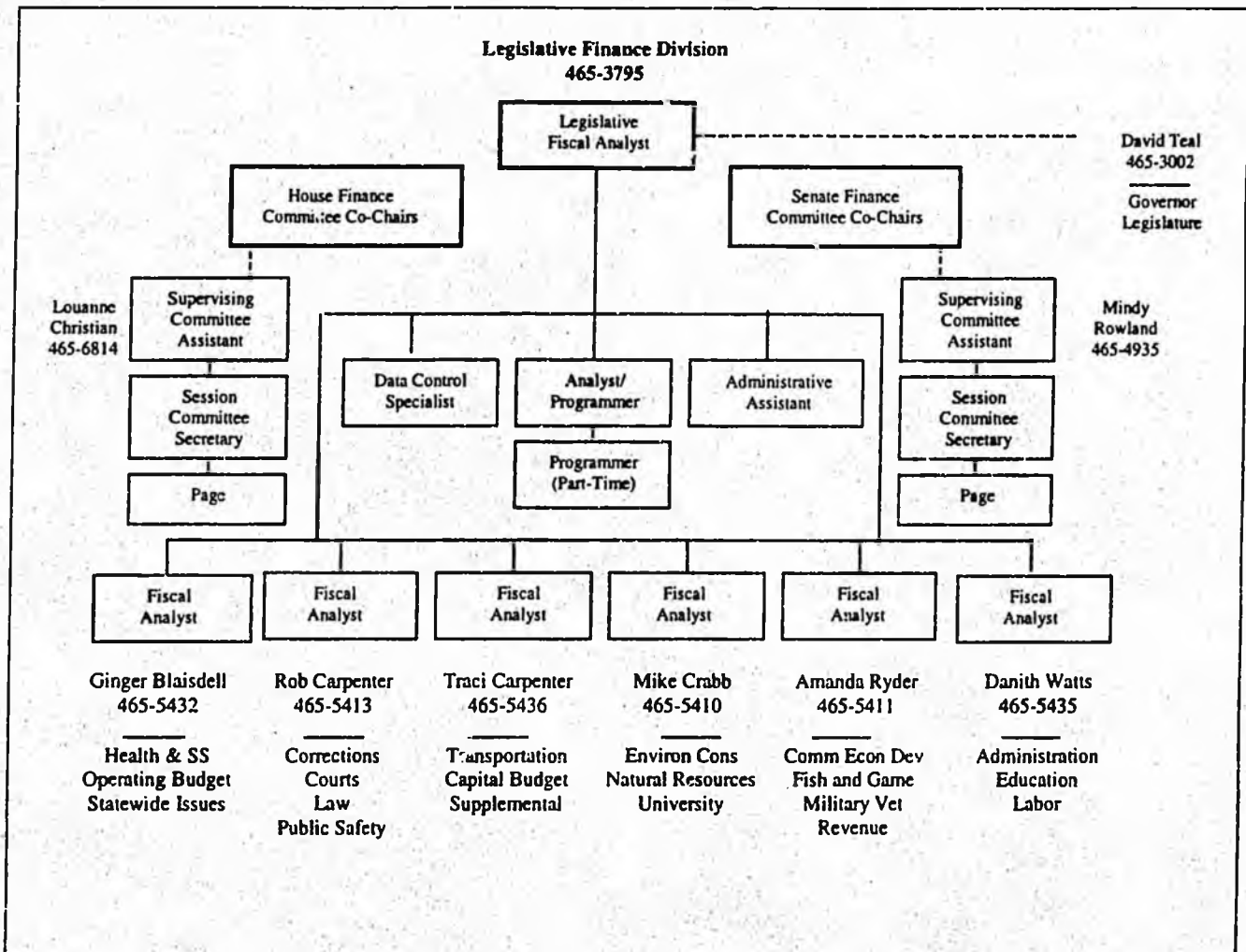
*Legislative Finance Division*

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

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

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

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



*legislative fiscal analyst overview of the governor's request*

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# legislative fiscal analyst overview of the governor's FY01 request

## INTRODUCTION

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

## SUMMARY ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

## *legislative fiscal analyst overview of the governor's FY01 request*

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

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

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

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

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

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

***legislative fiscal analyst overview of the governor's FY01 request***

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

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

Fiscal Summary--FY00/FY01

Page 1  
(\$ millions)

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

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

Fall 99 Forecast  
\$18.26  
1.045

Notes:

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

# CORRECTION

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



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska

Fiscal Summary--FY00/FY01

Page 1  
(\$ millions)

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Revenue Added after Publication of Forecast	0.0	0.0	0.0	0.0	1.4	0.0	0.0	1.4	1.4
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Agency Operations (Non-Formula)	1,085.9	520.8	920.0	2,526.7	1,134.3	528.7	949.5	2,612.5	48.4
Formula Programs	1,048.9	392.7	60.5	1,502.0	1,068.6	400.1	54.9	1,523.6	19.7
Estimated Appropriations (2)	0.0	0.0	0.0	0.0	3.9	3.0	38.8	45.7	3.9
Revised Programs (Actuals only)	0.0	3.0	1.0	4.0	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(463.1)	(463.1)	0.0	0.0	(463.7)	(463.7)	0.0
<b>Capital</b>	<b>83.3</b>	<b>850.3</b>	<b>149.4</b>	<b>1,083.0</b>	<b>101.6</b>	<b>706.4</b>	<b>90.2</b>	<b>898.1</b>	<b>18.3</b>
Project Appropriations	81.3	848.6	184.9	1,114.8	101.6	706.4	127.1	935.1	20.4
Estimated Appropriations (2)	2.0	0.0	8.7	10.7	0.0	0.0	0.4	0.4	(2.0)
Revised Programs (Actuals only)	0.0	1.7	1.7	3.3	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(45.9)	(45.9)	0.0	0.0	(37.3)	(37.3)	0.0
<b>Statewide (Unduplicated)</b>	<b>76.8</b>	<b>27.6</b>	<b>78.1</b>	<b>182.5</b>	<b>95.9</b>	<b>24.8</b>	<b>70.5</b>	<b>191.2</b>	<b>19.1</b>
Debt Retirement (3)	7.1	0.0	63.1	70.2	19.3	0.0	53.9	73.3	12.3
Non-Debt Fund Capitalization	53.2	27.6	15.0	95.8	56.2	24.8	16.6	97.6	2.9
Special Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplementals (4)	16.5	0.0	0.0	16.5	15.4	0.0	0.0	15.4	(1.1)
New Legislation (5)	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0	5.0
<b>TOTAL AUTHORIZATION (unduplicated) (excludes Permanent Fund Earnings)</b>	<b>2,294.8</b>	<b>1,794.4</b>	<b>745.9</b>	<b>4,835.1</b>	<b>2,404.3</b>	<b>1,663.0</b>	<b>740.2</b>	<b>4,807.5</b>	<b>109.4</b>
<b>From Constitutional Budget Reserve</b>	<b>490.7</b>				<b>836.7</b>				

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

Fall 99 Forecast  
\$18.26  
1.045

Notes:

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

Fiscal Summary--FY00/FY01

Page 2  
(\$ millions)

Constitutional Budget Reserve and Permanent Fund Account Balances

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

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

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

legislative fiscal analyst overview of the governor's FY01 request

**Definitions of Funds**

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

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

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

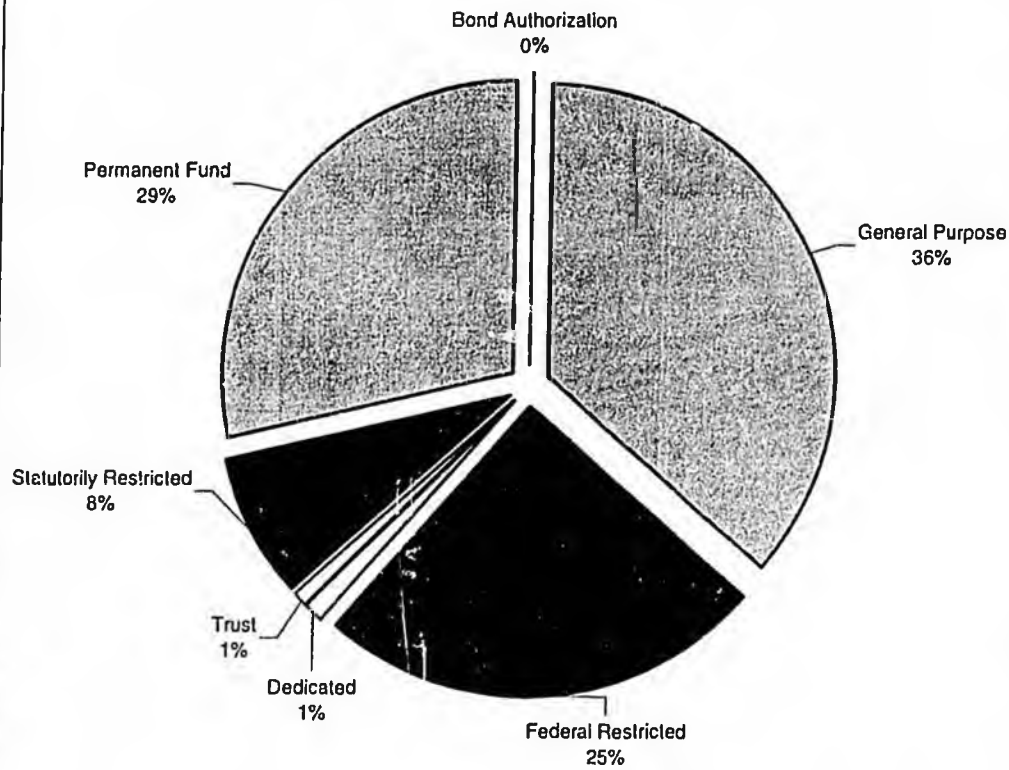
**Trusts** include the Alaska Advance College Tuition Payment Fund, the Alyeska Settlement Fund, the Mental Health Trust, the Exxon Valdez Oil Spill Restoration Fund and several funds associated with public employee retirement systems.

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

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

**State of Alaska Expenditures by Category--FY00**

Total Expenditures = \$6.62 billion



## *legislative fiscal analyst overview of the governor's FY01 request*

### ANTICIPATED FY00 SUPPLEMENTAL REQUESTS

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

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

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

## legislative fiscal analyst overview of the governor's FY01 request

### POSITION COMPARISON

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

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

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

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

# legislative fiscal analyst overview of the governor's FY01 request

## NEW FUND SOURCE CODES

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

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

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

### **1135 Alaska Marine Highway System General Funds (AMHS GF)**

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

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

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

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

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

### **1139 Alaska Housing Finance Corporation Dividend (AHFC Div)**

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

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

### **1141 Regulatory Commission of Alaska Receipts (RCA Repts)**

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

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

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

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

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

### **1144 Clean Water Bond Fund Receipts**

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

### **1145 Art in Public Places Fund**

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

## legislative fiscal analyst overview of the governor's FY01 request

### **1146 Fee Supported Increase**

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

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

### **1147 Public Building Fund**

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

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

# legislative fiscal analyst overview of the governor's FY01 request

## PUBLIC BUILDING FUND

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

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

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

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

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

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

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

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

Source: Dept. of Administration

## legislative fiscal analyst overview of the governor's FY01 request

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

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

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

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

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

## *legislative fiscal analyst overview of the governor's FY01 request*

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### TOBACCO SETTLEMENT RECEIPTS

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

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

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

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

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

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

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

# legislative fiscal analyst overview of the governor's FY01 request

## STATUTORY DESIGNATED PROGRAM RECEIPTS

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

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

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

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

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

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

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

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

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

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

***legislative fiscal analyst overview of the governor's FY01 request***

HB 40 (CH 58, SLA 1999)

**MERGING COMMUNITY & REGIONAL AFFAIRS WITH OTHER STATE AGENCIES**

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

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

*legislative fiscal analyst overview of the governor's FY01 request*

**HB 40 (CH 58, SLA 1999)**

**MERGING COMMUNITY & REGIONAL AFFAIRS WITH OTHER STATE AGENCIES**

**HB 40 Programs Origination**

**HB 40 Programs Final Destination**

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

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

## legislative fiscal analyst overview of the governor's FY01 request

### OPERATING BUDGET

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

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

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

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

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

In the Governor's FY01 request, general funds make up approximately 68% of the total formula program funding and 44% of the agency operations funding. For comparison, general funds made up approximately 6% of the total formula program funding and 43% of the agency operations funding in the FY00 authorized budget.

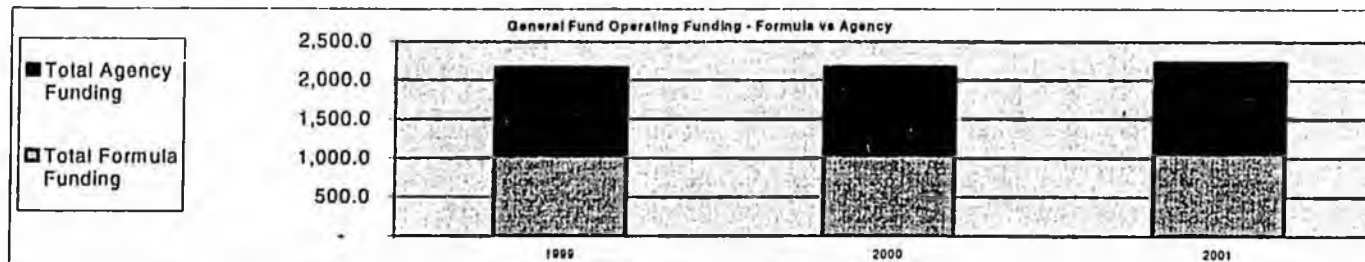
	FY99 Actuals	FY00 Auth	FY01 Gov	FY00 Auth – FY01 Gov
<b>GENERAL FUNDS</b>				
Formula Programs	\$ 1,039,828.8	\$1,048,872.8	\$1,068,579.3	\$ 19,706.5
Agency Operations	\$ 1,121,178.9	\$ 1,146,185.5	\$1,212,019.8	\$ 65,834.3
<b>Operating GF Total</b>	<b>\$ 2,161,007.7</b>	<b>\$ 2,195,058.3</b>	<b>\$2,280,599.1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

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

## AGENCY OPERATING BUDGETS FORMULA/NON-FORMULA PROGRAM FUNDING

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

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



## *legislative fiscal analyst overview of the governor's FY01 request*

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

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

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## legislative fiscal analyst overview of the governor's FY01 request

### CAPITAL BUDGET

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

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

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

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

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

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

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

# legislative fiscal analyst overview of the governor's FY01 request

## DEBT SERVICE

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

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

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

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

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

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

### Alaska Debt Retirement Fund

<b>Projected Balance at 6/30/00</b>	<b>\$5,538,366<sup>1</sup></b>
General Fund Appropriation	\$15,793,430
AHFC Dividend Appropriation	\$15,007,526
<i>Available for FY01</i>	<i>\$86,184,617</i>
Less:	
Lease-Finance Obligations	(\$12,857,805)
School Debt Reimbursement	(\$23,481,517)
<b>Total Required Debt Service</b>	<b>(\$36,339,322)</b>
<b>Projected Balance at 6/30/01</b>	<b>\$49,845,295</b>

### School Fund

<b>Balance Forward at 6/30/99</b>	<b>\$11,647,424</b>
FY00 Projected Revenue	\$30,100,000
<b>Available for FY00</b>	<b>\$41,747,424</b>
Less FY00 Appropriation	(\$45,664,700)
<b>Potential Shortfall in FY00<sup>2</sup></b>	<b>(\$3,917,276)</b>
Balance at 6/30/00 if No Shortfall	\$ 0
FY01 Projected Revenue	\$29,400,000
Less FY01 Request	(\$29,337,335)
<b>Projected Balance at 6/30/01</b>	<b>\$62,665</b>

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

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

### CONSTITUTIONAL BUDGET RESERVE FUND

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

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

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

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

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

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

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

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

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

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# legislative fiscal analyst overview of the governor's FY01 request

## COMPREHENSIVE INTEGRATED MENTAL HEALTH PROGRAM

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

### THE TRUST'S BENEFICIARIES

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

### THE TRUST'S RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

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

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

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

## legislative fiscal analyst overview of the governor's FY01 request

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

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

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

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

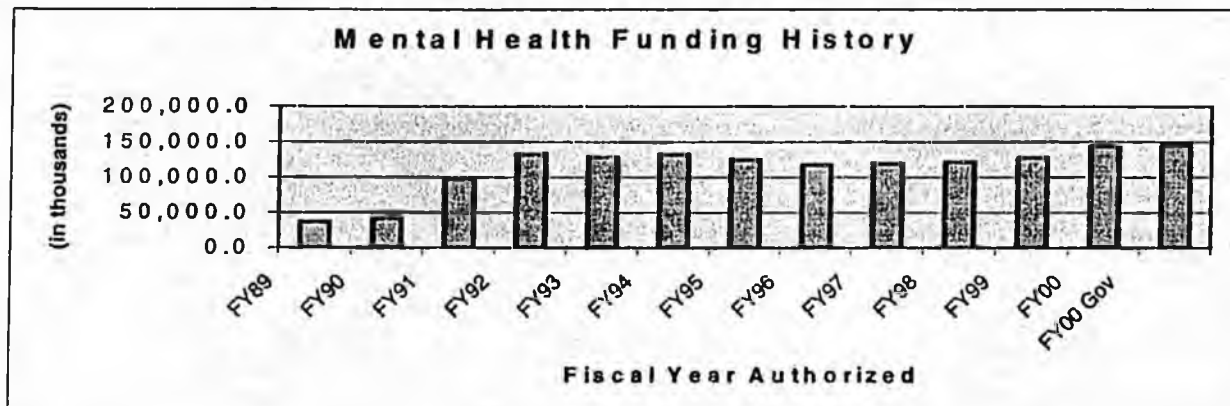
### STATEWIDE TOTAL APPROPRIATIONS

MHTIA fund source only (pre settlement)

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

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

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



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

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

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

***legislative fiscal analyst overview of the governor's FY01 request***

**COMPREHENSIVE INTEGRATED MENTAL HEALTH PROGRAM FUNDING SUMMARY**

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

**CAPITAL BUDGET FISCAL SUMMARY**

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

**INTRODUCTION TO AGENCY NARRATIVES AND FINANCIAL SUMMARIES**

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

# legislative fiscal analyst overview of the governor's FY01 request

## DEPARTMENT OF ADMINISTRATION

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

### SIGNIFICANT CHANGES

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

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

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

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

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

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

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

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

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

## legislative fiscal analyst overview of the governor's FY01 request

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

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

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

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

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

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

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

### ORGANIZATIONAL CHANGES

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

*legislative fiscal analyst overview of the governor's FY01 request*

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**DEPARTMENT OF ADMINISTRATION FUNDING SUMMARY**

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

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

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## legislative fiscal analyst overview of the governor's FY01 request

### DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

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

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

#### SIGNIFICANT ISSUES

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

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

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

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

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

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

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

## legislative fiscal analyst overview of the governor's FY01 request

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

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

### ORGANIZATIONAL CHANGES

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

*legislative fiscal analyst overview of the governor's FY01 request*

**DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT FUNDING SUMMARY**

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

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

# legislative fiscal analyst overview of the governor's FY01 request

## DEPARTMENT OF CORRECTIONS

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

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

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

### SIGNIFICANT CHANGES

- The Administration & Operations BRU requests the following:

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

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

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

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

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

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

### ORGANIZATIONAL CHANGES

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

*legislative fiscal analyst overview of the governor's FY01 request*

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**DEPARTMENT OF CORRECTIONS FUNDING SUMMARY**

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

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

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## legislative fiscal analyst overview of the governor's FY01 request

### DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

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

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

### SIGNIFICANT CHANGES

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

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

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

## legislative fiscal analyst overview of the governor's FY01 request

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

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

### **ORGANIZATIONAL CHANGES**

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

***legislative fiscal analyst overview of the governor's FY01 request***

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**DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT FUNDING SUMMARY**

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

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

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## legislative fiscal analyst overview of the governor's FY01 request

### DEPARTMENT OF ENVIRONMENTAL CONSERVATION

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

#### SIGNIFICANT ISSUES

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

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

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

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

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

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

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

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

## *legislative fiscal analyst overview of the governor's FY01 request*

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

### **ORGANIZATIONAL CHANGES**

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

***legislative fiscal analyst overview of the governor's FY01 request***

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**DEPARTMENT OF ENVIRONMENTAL CONSERVATION FUNDING SUMMARY**

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

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

## legislative fiscal analyst overview of the governor's FY01 request

### DEPARTMENT OF FISH AND GAME

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

#### SIGNIFICANT ISSUES

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

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

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

#### ORGANIZATIONAL CHANGES

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

***legislative fiscal analyst overview of the governor's FY01 request***

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**DEPARTMENT OF FISH AND GAME FUNDING SUMMARY**

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

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

## legislative fiscal analyst overview of the governor's FY01 request

### OFFICE OF THE GOVERNOR

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

#### SIGNIFICANT ISSUES

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

#### ORGANIZATIONAL CHANGES

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

***legislative fiscal analyst overview of the governor's FY01 request***

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**OFFICE OF THE GOVERNOR FUNDING SUMMARY**

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

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

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# legislative fiscal analyst overview of the governor's FY01 request

## DEPARTMENT OF HEALTH AND SOCIAL SERVICES

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

### SIGNIFICANT ISSUES

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

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

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

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

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

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

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

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

## legislative fiscal analyst overview of the governor's FY01 request

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

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

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

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

### ORGANIZATIONAL CHANGES

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

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**DEPARTMENT OF HEALTH AND SOCIAL SERVICES FUNDING SUMMARY**

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

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

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## legislative fiscal analyst overview of the governor's FY01 request

### DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

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

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

#### SIGNIFICANT CHANGES

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

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

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

### **ORGANIZATIONAL CHANGES**

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