

Budgeting for Results FY2013 Budget Proposal



SEAN PARNELL
GOVERNOR OF ALASKA

Resource Development

Alaska derives the majority of its economic strength from natural resource development. The 2013 budget is an investment in:

- Roads to resources, permitting, environmental work, and right-of-way acquisition: \$28.5 million
- Streamlining the permitting process: \$3.3 million
- Rare earth and shale oil assessments: \$3.8 million

Education

Education prepares Alaska's students for life opportunities. The Alaska Performance Scholarship gives students incentive to work hard and earn scholarships beyond high school. The 2013 budget will:

- Fund the *Alaska Performance Scholarship* for 2011 and 2012 high school classes
- Forward fund K-12 education through FY2014: \$1.1 billion
- Fund 14 school major maintenance projects: \$23.9 million
- Build new schools in Emmonak and Koliganek: \$61 million

Public Safety

Safe homes and strong families depend on our shared commitment to public safety. The 2013 budget supports:

- The *Choose Respect* initiative to end domestic violence and sexual assault: \$11.9 million
- Adds 16 law enforcement officers
- Provides for emergency food supplies to prepare for disasters: \$4.9 million

Revenue Outlook

The State has a strong revenue outlook this year due to the high price of oil. The Governor's budget proposes saving more than \$3 billion for leaner times. The surplus revenue gives us the opportunity to save and invest for the future.

Transportation/Infrastructure

Alaska's economic security depends on access – both transportation between communities and roads to resources. The 2013 budget:

- Provides more than \$1 billion for infrastructure projects, including roads and airports, the marine highway, municipal and village water and sewer projects, harbors, and deferred maintenance
- Funds continued development of the road to Umiat
- Helps determine a route to the Ambler Mining District
- Continues to fund the Alaska Class ferry project: \$60 million

Military Support

Our state is blessed to be home to a large military community, including veterans and military families. Our proposed budget:

- Invests in veterans services, Homeland Security and Emergency Management, and the Alaska Aerospace Corp

"Today, I propose a balanced budget that is more than \$800 million lower in total spending than the current year, and \$600 million lower in unrestricted general fund spending."

- Governor Sean Parnell





FOR IMMEDIATE RELEASE

No. 11-197

Governor Releases Balanced Budget for Fiscal Year 2013
State General Funding Reduced \$600 Million

December 15, 2011, Anchorage, Alaska – Governor Sean Parnell today released his proposed budget for Fiscal Year 2013. The budgets represent a \$600 million decrease in state general fund spending. The budgets total \$6.4 billion in state general funds and \$12.1 billion in all funds including Permanent Fund and federal dollars.

“With a lower starting point on dollars and positions, we can have a public conversation with the Legislature about more effective use of the public’s dollars,” Governor Parnell said. “My proposed budget includes a reasonable operating budget that holds the line on government spending and looks long-term to provide a more stable and secure future for our families.”

The governor’s Fiscal Year 2013 budget will spend considerably less than what the new fall forecast projects for available revenue. Governor Parnell’s budget plan will leave \$3.7 billion in surplus. The governor proposes saving the surplus for the future while investing in infrastructure and jobs.

The Office of Management and Budget will eliminate 289 vacant full-time and part-time positions. The move will allow the state to better absorb new positions coming online with the completion of the Goose Creek Correctional Center.

Governor Parnell’s priorities guided the development of disciplined operating, capital, and mental health budgets for the next fiscal year. Those priorities include: resource development, education, safe homes and communities for Alaskans, and transportation/infrastructure.

In addition to the capital budget, the governor will propose a \$350 million general obligation bond package for several port projects throughout the state. With today’s financial climate, it is cheaper to borrow, rather than use the state’s cash reserves which earn a higher rate of return.

“With declining oil production and global uncertainty, responsible budgeting requires we save more for the future,” Governor Parnell added.

Draft budget bills and more detailed information on the budget are available on the Office of Management & Budget website at omb.alaska.gov/.

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

	FY2012 Authorized				FY2013 Governor				Total Funds	UGF % Change	Total % Change	
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds				
1 REVENUE												
2 Total Unrestricted General Fund Revenues (A) (\$109.33, \$109.47)	8,981.5	787.3	514.1	3,112.9	13,395.8	834.5	505.0	2,868.9	12,426.1			
3 Reappropriations and Carry Forward (B)	8,927.9	0.6	0.2	54.4	8,927.9				8,217.7			
4 Restricted Revenue (C)	53.6	786.7	513.9	3,058.5	4,359.1	834.5	505.0	2,868.9	8,217.7			
5 APPROPRIATIONS												
6 Total Operating	5,324.1	738.6	456.2	2,010.6	8,529.5	749.0	475.5	2,033.4	8,824.8	242.8	4.5%	3.5%
7 Agency Operations (Non-formula)	4,082.2	707.2	413.0	1,988.6	7,190.9	725.4	432.7	2,006.1	7,378.6	132.3	3.2%	2.6%
8 Agency Operations and Courts Operations	1,942.2	650.0	407.4	997.5	3,997.1	667.4	429.1	933.9	4,058.4	85.8	4.4%	1.5%
9 Legislature and Courts Operations	1,175.5	0.6	1.0	1.7	1,178.8	0.6	0.8	1.7	1,185.5	6.9	4.0%	3.8%
10 Total K-12 Foundation and Pupil Transportation (D)	1,157.5	12.4	2.8	20.8	1,190.6	13.3	20.8	20.8	1,173.8	(17.8)	-1.5%	-1.4%
11 Agency Operations (Formula)	806.9	44.2	1.8	966.6	1,820.6	864.3	44.1	1,049.7	1,961.0	57.4	7.1%	7.7%
12 Revised Programs Legislatively Approved												
13 Duplicated Authorizations Non-additive (E)	1,241.9	31.5	43.1	22.1	1,338.6	1,352.4	23.6	27.3	723.5	110.5	8.9%	8.0%
14 Statewide Operations	243.7	21.6	43.1	13.0	321.4	218.7	42.6	18.2	301.4	(25.0)	-10.3%	-6.2%
15 Debt Service (F)	7.5	9.9	0.0	9.1	26.5	1.8	0.0	9.1	16.0	131.0	27.3%	27.3%
16 Fund Capitalizations (G)	479.5				479.5	610.5			610.5			
17 Direct Appropriations to Retirement	60.0				60.0	400.0			400.0			
18 Revenue Sharing	400.0				400.0							
19 Oil and Gas Tax Credits	1.2				1.2							
20 Judgments, Claims and Settlements	50.0				50.0							
21 Supplementals												
22 New Legislation												
23 Duplicated Authorizations Non-additive (E)	1,557.1	44.5	49.2	1,081.2	2,731.9	882.0	20.6	820.5	1,804.2	(675.0)	-43.4%	-34.0%
24 Total Capital	1,494.7	44.5	49.2	1,078.1	2,666.5	762.0	20.6	818.8	1,682.5	(732.6)	-49.0%	-36.9%
25 Project Appropriations												
26 AMHS Vessel Replacement Fund/Alaska Class Ferry						60.0			60.0	60.0		
27 GO Bond Package \$350Million Non-additive (H)										60.0		
28 Revised Programs Legislatively Approved										0.0		
29 AGIA Reimbursement Fund	60.0		15.8	0.6	60.0	8.2	0.2		8.4			
30 Other Fund Capitalizations (G)	2.4		49.2	2.4	48.8							
31 Duplicated Authorizations Non-additive (E)	(47.5)				(47.5)							
32 Pre-Transfer Authorization	6,881.1	783.1	505.4	3,091.8	11,261.5	6,448.9	496.1	2,853.9	10,629.0	(432.2)	-6.3%	-5.6%
33 Pre-Transfer Balance to/(from) SBR	2,100.4	4.2	8.8	21.1	194.7	1,768.8	8.8	15.0	9.6			
34 Transfers/Savings	(1,137.5)				(1,137.5)							
35 Designated Savings	1,105.7				1,105.7							
36 Public Education Fund - Budget Year Draw (D)												
37 Public Education Fund - Future Year Funding (D)												
38 Regional Educational Attendance Area School Fund												
39 Renewable Energy Grant Fund (I)	26.6				26.6							
40 In-State Gas Pipeline Fund (J)	200.0				200.0							
41 Education Grants/Performance Scholarships Fund (J)	400.0				400.0							
42 Railbelt Energy Fund	(65.7)				(65.7)							
43 Alternative Energy Conservation RLF	2.5				2.5							
44 AMHS Vessel Replacement Fund												
45 Undesignated Savings	50.0				50.0							
46 Statutory Budget Reserve	(31.0)				(31.0)							
47 Cruise Ship Gambling Tax (K)	200.0				200.0							
48 AHFC Subsidiary - AHCC Receipts [J]	(200.0)				(200.0)							
49 AHFC Subsidiary - (to In-State Gas Pipeline Fund) [J]	(200.0)				(200.0)							
50 AHFC Subsidiary - (to Scholarship Fund) [J]	10.0				10.0							
51 Other Transfers [L]	7,041.8	4.2	8.8	21.1	7,075.9	4.5	8.8	15.0	7,075.9	(611.6)	-8.7%	-7.1%
52 Total Authorization to Spend with Savings	1,939.7	787.3	514.1	3,112.9	11,456.1	6,430.2	505.0	2,868.9	10,638.6			
53 Post-Transfer Balance to/(from) SBR						1,787.5						
54 Permanent Fund Appropriations	0.0	1,521.0	0.0	0.0	1,521.0	0.0	0.0	0.0	1,482.0			
55 PF Dividends / PFD Division Operations (M)		652.0			652.0				572.0			
56 PF Inflation Proofing		847.0			847.0				888.0			
57 AK Capital Income Fund (Am Hess) (N)		22.0			22.0				22.0			
58 Total Authorization to Spend with Permanent Fund	7,041.8	2,308.3	514.1	3,112.9	12,977.1	6,430.2	505.0	2,868.9	12,120.6	(611.6)	-8.7%	-6.6%

Fiscal Year Summary (Includes Permanent Fund)	FY2012 Authorized			FY2013 Governor			UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Unrestricted General Funds	Designated General Funds	Other State Funds		
Agency Operations	7,041.8	2,308.3	514.1	3,112.9	1,988.6	505.0	2,868.9	12,120.6
Statewide Totals	4,082.2	707.2	413.0	1,988.6	7,190.9	432.7	2,006.1	7,378.6
Total Operating	1,241.9	31.5	43.1	22.1	1,338.6	42.8	27.3	1,446.2
Capital	5,324.1	738.6	456.2	2,010.6	8,529.5	475.5	2,033.4	8,824.8
Total Authorization Pre-Transfers/Savings	1,557.1	44.5	49.2	1,081.2	2,731.9	20.6	820.5	1,804.2
Transfers/Savings	6,881.1	783.1	505.4	3,091.8	11,261.5	496.1	2,853.9	10,629.0
Total Authorization to Spend with Savings	160.7	4.2	8.8	21.1	194.7	8.8	15.0	9.6
Total Authorization to Spend with Savings	7,041.8	787.3	514.1	3,112.9	11,456.1	505.0	2,868.9	10,638.6
Permanent Fund Appropriations	0.0	1,521.0	0.0	0.0	1,521.0	0.0	0.0	1,482.0

Notes

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

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

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

Total AHFC Dividend for Capital Projects and Debt Service: \$23.1 | \$27.3

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

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

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

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

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

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

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

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

I Renewable Energy Grant Fund: The Renewable Energy Grant Fund is capitalized with \$26.6 million Unrestricted General Funds in FY2012, and \$25 million Unrestricted General Funds in FY2013.

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

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

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

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

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

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

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

FY2013 Governor Operating Budget
UGF/DGF/Other/Fed Summary by Department

Scenario: FY2013 Governor (9494)

Department	UGF	DGF	Other	Federal	Total	PFT	PPT	NP Positions	Total
Department of Administration	81,090.1	23,947.3	212,133.0	4,649.8	321,820.2	1,082	18	40	1,140
Department of Commerce, Community, and Economic Development	56,309.5	68,084.4	34,530.3	36,513.7	195,437.9	497	1	15	513
Department of Corrections	280,743.2	21,585.0	15,024.9	3,251.0	320,604.1	1,699	1	0	1,700
Department of Education and Early Development	1,214,318.0	15,064.3	25,087.8	233,790.2	1,488,260.3	332	14	8	354
Department of Environmental Conservation	21,062.8	26,967.6	11,294.1	24,227.8	83,552.3	541	0	11	552
Department of Fish and Game	76,072.7	9,206.7	61,684.1	62,346.0	209,309.5	912	710	68	1,690
Office of the Governor	32,640.4	4.9	518.9	197.5	33,361.7	156	0	49	205
Department of Health and Social Services	1,214,531.9	73,005.1	101,028.7	1,229,126.5	2,617,692.2	3,464	65	104	3,633
Department of Labor and Workforce Development	34,423.5	33,757.5	26,445.0	103,956.3	198,582.3	827	118	44	989
Department of Law	65,081.2	2,695.0	27,499.8	1,965.9	97,241.9	570	3	0	573
Department of Military and Veterans Affairs	21,996.7	28.4	16,556.9	51,785.9	90,367.9	338	2	2	342
Department of Natural Resources	78,545.8	25,927.6	38,378.0	22,552.7	165,404.1	742	242	96	1,080
Department of Public Safety	162,385.8	7,816.3	20,279.8	11,474.7	201,956.6	879	16	14	909
Department of Revenue	31,566.0	9,615.1	212,553.6	74,884.2	328,618.9	880	36	19	935
Department of Transportation/Public Facilities	271,858.1	75,635.8	264,524.4	3,986.6	616,004.9	3,172	409	227	3,808
University of Alaska	353,392.9	331,420.6	86,334.3	139,694.3	910,842.1	4,701	222	0	4,923
Alaska Court System	107,287.6	518.0	1,914.5	1,675.6	111,395.7	768	48	21	837
Legislature	75,179.9	71.6	379.5	0.0	75,631.0	250	284	0	534
Branch-wide Unallocated Appropriations	36,000.0	0.0	0.0	0.0	36,000.0	0	0	0	0
Total:	4,214,486.1	725,351.2	1,156,167.6	2,006,078.7	8,102,083.6	21,810	2,189	718	24,717

FY2013 Governor Capital Budget
UGF/DGF/Other/Fed Summary by Department

Scenario: FY2013 Governor (2862)

Department	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
Department of Administration	35,250,000	550,000	4,013,000	0	39,813,000
Department of Commerce, Community, and Economic Development	133,934,975	25,035,000	800,000	18,820,000	178,589,975
Department of Corrections	11,250,000	0	0	0	11,250,000
Department of Education and Early Development	71,064,912	35,512,271	0	0	106,577,183
Department of Environmental Conservation	43,963,449	750,000	7,717,400	42,250,000	94,680,849
Department of Fish and Game	10,763,000	3,914,000	1,466,300	9,375,000	25,518,300
Department of Health and Social Services	20,126,600	0	300,000	3,821,140	24,247,740
Department of Labor and Workforce Development	8,917,500	0	0	0	8,917,500
Department of Law	0	0	250,000	0	250,000
Department of Military and Veterans Affairs	10,985,000	0	0	17,942,500	28,927,500
Department of Natural Resources	15,572,000	250,000	2,500,000	9,060,000	27,382,000
Department of Public Safety	9,874,800	0	0	1,500,000	11,374,800
Department of Revenue	109,733,000	0	900,000	13,116,400	123,749,400
Department of Transportation/Public Facilities	292,010,130	0	45,308,322	702,942,974	1,040,261,426
University of Alaska	37,500,000	15,000,000	0	0	52,500,000
Alaska Court System	11,085,000	0	0	0	11,085,000
Totals:	822,030,366	81,011,271	63,255,022	818,828,014	1,785,124,673