

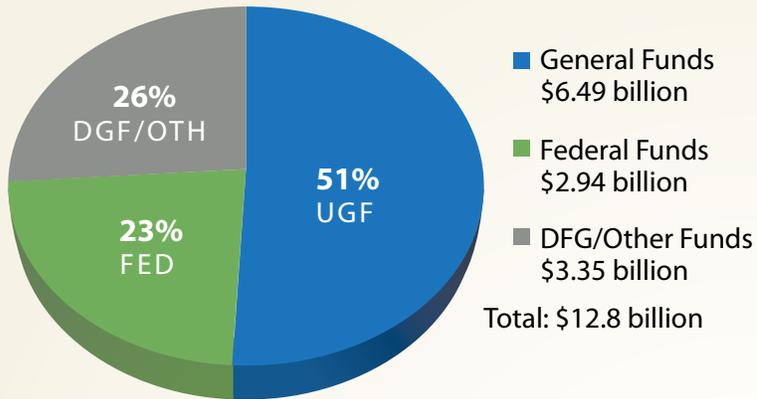
Responsible and Responsive



SEAN PARNELL
GOVERNOR OF ALASKA

ALASKA'S FISCAL YEAR 2014 BUDGET PROPOSAL

Alaska's Budget by Source of Funds



The FY 2014 Budget Proposal Supports Alaska's Priorities:

Resource/Energy Development

Alaska's resources provide Alaskans with opportunity.

- **Roads to Resources** \$18 million
- Gasline Development \$50 million
- Geologic Materials Center \$15 million
- Chinook Salmon Research \$10 million
- Strategic Minerals \$2.7 million
- Permitting and Statewide Mapping \$7.3 million
- Sustainable Energy Fund \$125 million
- Susitna-Watana Hydro Project \$95 million
- Interior Energy \$50 million
- Weatherization/Home Energy \$51.5 million
- Renewable Energy \$25 million

Education

Alaska's K-12 public education system prepares students for success in college or job-training programs.

- K-12 Education \$1.25 billion
- **Alaska Performance Scholarships** \$8 million
- Alaska Digital Learning Initiative \$5.9 million
- Early Learning \$14.6 million
- School Construction \$46.2 million
- Major Maintenance \$22.3 million

Transportation/Infrastructure

Alaska's economy depends on access and infrastructure to support development.

- Statewide Highway and Aviation \$971 million
- Alaska Marine Highway \$182 million
- Municipal Water and Sewer Projects \$34 million
- Village Safe Water \$56.5 million
- State Funds to leverage federal and local \$141 million

Public Safety

The budget prioritizes safe homes and strong families.

- **Choose Respect** Initiative \$14.8 million
- 18 New Alaska State Troopers \$3.7 million
- 15 New Village Public Safety Officers \$2.7 million
- Investigate/Prosecute child sexual abuse \$1.6 million
- Emergency - Blood Bank of Alaska \$7 million

Military Support

We honor Alaska's military community.

- Interior Alaska Veterans Cemetery \$2.5 million
- Homeland Security \$19.6 million
- Alaska Military Youth Academy \$11.1 million
- Veterans Services and Outreach \$2 million

"Our fiscal plan is built on our state's resources and spending discipline. We focus on priorities that grow our economy and strengthen our families – for Alaskans today and tomorrow."

Sean Parnell
GOVERNOR





FOR IMMEDIATE RELEASE

No. 12-161

Governor Parnell Proposes \$1 Billion Less in State Spending

December 14, 2012, Anchorage, Alaska – Governor Sean Parnell today released his budget for the next fiscal year, and it is nearly \$1.1 billion less than the current year's general fund spending.

In its proposal, the Parnell administration holds the state operating budget to less than one percent growth. The budget totals \$6.49 billion in state general funds and \$12.8 billion when federal funds and the Permanent Fund are included. The budget leaves more than \$500 million in surplus revenue.

"This balanced budget spends less than the current year," Governor Parnell said. "As we prepared this budget, we faced the facts – oil production is down, and oil prices, too, have decreased. Production decline and the increasing cost of producing Alaska's oil profoundly impacts Alaska's revenues. As I've done in the past, I am asking legislators to join me early in session to set a spending limit. A self-imposed, reasonable limit is the key to successful and sustainable spending. A spending limit promotes spending restraint and greater accountability for Alaskans."

Governor Parnell's budget focuses on resource development, public safety, education, and transportation and infrastructure.

The governor's proposed capital budget contains significant investments in energy development, roads to resources, water and sewer projects, school construction and major maintenance, as well as matching funds to leverage federal and local dollars.

"Our fiscal plan is based on budget discipline, saving for the future, and prudently managing reserves to help us through times when revenue is down," Governor Parnell said. "Our plan also relies on resource development, so Alaskans, today and in the future, will have access to economic opportunity and essential public services."

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 2014 Governor Fiscal Summary
(dollars shown in millions)

	FY2013 Authorized					FY2014 Governor					UGF Change	UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds			
1 REVENUE	7,566.7	814.9	511.2	2,904.1	11,796.9	7,001.9	866.6	559.3	2,939.7	11,367.4			
2 Total Unrestricted General Fund Revenues (A) (\$108.67, \$109.61)	7,511.7				7,511.7	7,001.9				7,001.9			
3 Reappropriations and Carry Forward (B)	55.0	0.2	0.3	10.9	66.5					0.0			
4 Restricted Revenue (C)		814.7	510.9	2,893.2	4,218.7		866.6	559.3	2,939.7	4,365.5			
5 APPROPRIATIONS													
6 Total Operating	5,703.5	758.7	481.2	2,024.4	8,967.8	5,746.8	777.4	517.0	2,027.7	9,069.0	43.3	0.8%	1.1%
7 Agency Operations	4,322.5	735.1	436.5	1,982.6	7,476.8	4,380.0	754.8	462.5	1,986.9	7,584.3	57.5	1.3%	1.4%
8 Agency Operations (Non-formula)	2,079.1	672.2	432.4	923.3	4,107.0	2,117.5	680.4	459.0	911.6	4,168.5	38.4	1.8%	1.5%
9 Legislature and Courts Operations	181.1	0.6	0.8	1.7	184.2	185.0	0.6	0.7	1.7	187.9	3.8	2.1%	2.0%
10 Total K-12 Foundation and Pupil Transportation (D)	1,203.5	13.3		20.8	1,237.6	1,215.7	10.5		20.8	1,246.9	12.1	1.0%	0.8%
11 Agency Operations (Formula)	858.8	49.0	2.8	1,035.6	1,946.2	861.9	63.4	2.8	1,052.9	1,980.9	3.1	0.4%	1.8%
12 Revised Programs Legislatively Approved			0.5	1.3	1.8					0.0			
13 Duplicated Authorizations Non-additive (E)			726.2		726.2			728.7		728.7			
14 Statewide Operations	1,380.9	23.6	44.6	41.8	1,491.0	1,366.8	22.6	54.5	40.8	1,484.7	(14.2)	-1.0%	-0.4%
15 Debt Service (F) (less duplicated funds \$14.8, \$34.0)	217.1	21.8	44.6	17.7	301.2	226.0	20.8	54.5	17.5	318.7	8.9	4.1%	5.8%
16 Fund Capitalizations (G) (less duplicated funds \$3.6, \$3.5)	7.0	1.8	0.0	24.1	32.9	7.0	1.8	0.0	23.3	32.1			
17 Direct Appropriations to Retirement	613.9				613.9	633.8				633.8	19.9	3.2%	3.2%
18 Revenue Sharing	85.0				85.0	60.0				60.0	(25.0)	-29.4%	-29.4%
19 Oil and Gas Tax Credits	400.0				400.0	400.0				400.0			
20 Judgments, Claims and Settlements - Moore Settlement	18.0				18.0					0.0	(18.0)	-100.0%	-100.0%
21 Supplementals	40.0				40.0	40.0				40.0			
22 Duplicated Authorizations Non-additive (E)					18.4			37.5		37.5			
23 Total Capital	1,926.7	51.7	21.2	879.7	2,879.2	795.2	74.6	33.3	911.9	1,815.1	(1,131.5)	-58.7%	-37.0%
24 Project Appropriations	1,866.7	51.7	21.1	812.3	2,751.8	768.2	74.6	33.3	911.9	1,788.1	(1,098.5)	-58.8%	-35.0%
25 GO Bond Package \$449.9 Million Non-additive (H)			0.0		0.0					0.0			
26 Revised Programs Legislatively Approved			0.1	65.7	65.7					0.0			
27 AGIA Reimbursement Fund	60.0				60.0	25.0			0.0	25.0			
28 Other Fund Capitalizations (G)				1.7	1.7	2.0			0.0	2.0			
29 Duplicated Authorizations Non-additive (E)			491.1		491.1			23.3		23.3			
30 Pre-Transfer Authorization	7,630.2	810.4	502.4	2,904.1	11,847.0	6,542.0	852.1	550.3	2,939.7	10,884.1	(1,088.1)	-14.3%	-8.1%
31 Pre-Transfer Balance to/(from) SBR	(63.5)					459.9							
32 Transfers/Savings	(63.5)	4.5	8.8	0.0	(50.1)	(48.2)	14.5	9.0	0.0	(24.7)			
33 Designated Savings													
34 Public Education Fund - Budget Year Draw (D)	(1,178.5)				(1,178.5)	(1,190.7)				(1,190.7)			
35 Public Education Fund - Future Year Funding (D)	1,139.7				1,139.7	1,191.8				1,191.8			
36 Regional Educational Attendance Area School Fund	36.6				36.6	35.6				35.6			
37 Renewable Energy Grant Fund (I)	25.9				25.9	25.0				25.0			
38 Alaska Higher Education Investment Fund (J)	400.0				400.0					0.0			
39 AMHS Vessel Replacement Fund	(60.0)				(60.0)					0.0			
40 Sustainable Energy Transmission and Supply Development Fund	125.0				125.0	125.0				125.0			
41 Undesignated Savings													
42 Statutory Budget Reserve	250.0				250.0					0.0			
43 Statutory Budget Reserve - Sec. 32(c), SLA2012, Ch. 15, HB284	(410.8)				(410.8)					0.0			
44 AHFC Subsidiary (J)	(424.1)				(424.1)	(245.2)				(245.2)			
45 Other Transfers (K)	32.8	4.5	8.8		46.1	10.3	14.5	9.0		33.8			
46 Total Authorization to Spend with Savings	7,566.7	814.9	511.2	2,904.1	11,796.9	6,493.8	866.6	559.3	2,939.7	10,859.3	(1,072.9)	-14.2%	-7.9%
47 Post-Transfer Balance to/(from) SBR	0.0					508.1							
48 Permanent Fund Appropriations	0.0	1,387.0	0.0	0.0	1,387.0	0.0	1,923.0	0.0	0.0	1,923.0			
49 PF Dividends / PFD Division Operations (L)		470.0			470.0		958.0			958.0			
50 PF Inflation Proofing		898.0			898.0		943.0			943.0			
51 AK Capital Income Fund (Am Hess) (M)		19.0			19.0		22.0			22.0			
52 Total Authorization to Spend with Permanent Fund	7,566.7	2,201.9	511.2	2,904.1	13,183.9	6,493.8	2,789.6	559.3	2,939.7	12,782.3	(1,072.9)	-14.2%	-3.0%

	FY2013 Authorized					FY2014 Governor					UGF Change	UGF % Change	Total % Change
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Funds	Total Funds			
53 Fiscal Year Summary (Includes Permanent Fund)	7,566.7	2,201.9	511.2	2,904.1	13,183.9	6,493.8	2,789.6	559.3	2,939.7	12,782.3	(1,072.9)	-14.2%	-3.0%
54 Agency Operations	4,322.5	735.1	436.5	1,982.6	7,476.8	4,380.0	754.8	462.5	1,986.9	7,584.3	57.5	1.3%	1.4%
55 Statewide Totals	1,380.9	23.6	44.6	41.8	1,491.0	1,366.8	22.6	54.5	40.8	1,484.7	(14.2)	-1.0%	-0.4%
56 Total Operating	5,703.5	758.7	481.2	2,024.4	8,967.8	5,746.8	777.4	517.0	2,027.7	9,069.0	43.3	0.8%	1.1%
57 Capital	1,926.7	51.7	21.2	879.7	2,879.2	795.2	74.6	33.3	911.9	1,815.1	(1,131.5)	-58.7%	-37.0%
58 Total Authorization Pre-Transfers/Savings	7,630.2	810.4	502.4	2,904.1	11,847.0	6,542.0	852.1	550.3	2,939.7	10,884.1			
59 Transfers/Savings	(63.5)	4.5	8.8	0.0	(50.1)	(48.2)	14.5	9.0	0.0	(24.7)			
60 Total Authorization to Spend with Savings	7,566.7	814.9	511.2	2,904.1	11,796.9	6,493.8	866.6	559.3	2,939.7	10,859.3	(1,072.9)	-14.2%	-7.9%
61 Permanent Fund Appropriations	0.0	1,387.0	0.0	0.0	1,387.0	0.0	1,923.0	0.0	0.0	1,923.0			

Notes

A Total Unrestricted General Fund Revenue: Line 2 is based on information from the Department of Revenue Fall 2012 Revenue Forecast.

Unrestricted General Fund Revenue	FY2013	FY2014
Oil Price (ANS West Coast Spot per barrel)	\$108.67	\$109.61
Average ANS oil production (bbl. per day)	0.553	0.538
Unrestricted General Fund Revenue	\$7,511.7	\$7,001.9

Corporate Dividends	FY2013	FY2014
Alaska Industrial Development and Export Authority (AIDEA)	\$20.4	\$20.7
Alaska Housing Finance Corporation for Projects	\$16.5	\$0.0
Total as Unrestricted General Funds	\$36.9	\$20.7
Total AHFC Dividend for Capital Projects and Debt Service	\$27.3	\$10.6

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 FY2013 or FY2014 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 FY2013 and FY2014 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	FY2013	FY2014	FY2015
K-12 Foundation Formula	\$1,104,721.0	\$1,115,748.0	\$1,115,748.0
Pupil Transportation	\$73,795.9	\$74,902.8	\$76,026.4
Total	1,178,516.9	1,190,650.8	1,191,774.4

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 in FY2013, 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 28 consists of the Emerging Technology Fund transfers.

H GO Bond Package: FY2013 General Obligation (GO) Bond package for transportation projects, approved by voters in November, 2012.

I Renewable Energy Grant Fund: The Renewable Energy Grant Fund is capitalized with \$25.9 million Unrestricted General Funds in FY2013, and \$25 million Unrestricted General Funds in FY2014. \$25.9 million in FY2013, and \$25.0 million in FY2014, in grants are appropriated from the Renewable Energy Grant Fund on line 24 in the Designated General Funds column.

J AHFC Subsidiary Account Fund Transfers: In the FY2013 column, \$21.0 million in AHCC Receipts is for capital projects, \$400.00 million is for the Alaska Higher Education Investment Fund, and \$3.1 million is for Alaska Performance Scholarship Awards. In the FY2014 column, the Governor proposes using \$120.2 million in AHCC Receipts for capital projects and \$125.0 million for the Sustainable Energy Transmission and Supply Development Fund.

K 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.

L PF Dividends / PFD Division Operations: Line 49 includes both the amounts for Permanent Fund Dividend (PFD) checks and other State operating costs of the PFD.

Permanent Fund Dividend Fund Other Expenditures	FY2013	FY2014
Department of Revenue, Division of Permanent Fund Dividend operations	\$8.2	\$8.2
Department of Health and Social Services, Public Assistance PFD Hold Harmless	\$16.8	\$16.8
Total	\$25.0	\$25.0

The financial information for the Permanent Fund section (lines 48-52) is from the Alaska Permanent Fund Corporation Fund Financial History & Projections as of October 31, 2012. These financial statements are available on the Alaska Permanent Fund website: www.APFC.org.

M Alaska Capital Income Fund: The Alaska Capital Income Fund is authorized by AS 37.05.565. The fund consists of income earned on money awarded as a result of the State vs. Amerada Hess royalty case, estimated to be \$13-26 million per year, plus other appropriations.

FY2014 Governor Operating Budget
UGF/DGF/Other/Fed Summary by Department

Scenario: FY2014 Governor (10289)

Department	UGF	DGF	Other	Federal	Total	PFT	PPT	NP Positions	Total
Department of Administration	85,948.5	24,098.4	222,820.0	3,293.7	336,160.6	1,051	19	61	1,131
Department of Commerce, Community, and Economic Development	47,813.6	91,966.6	39,831.0	21,543.7	201,154.9	526	1	12	539
Department of Corrections	293,218.3	16,037.7	14,580.6	3,253.0	327,089.6	1,860	1	0	1,861
Department of Education and Early Development	1,285,182.9	24,308.8	26,006.5	233,798.0	1,569,296.2	335	14	18	367
Department of Environmental Conservation	22,231.0	26,902.2	11,199.2	24,938.7	85,271.1	552	0	7	559
Department of Fish and Game	80,866.1	8,036.6	62,709.2	63,337.8	214,949.7	933	718	68	1,719
Office of the Governor	28,881.7	4.9	521.7	198.2	29,606.5	155	0	20	175
Department of Health and Social Services	1,244,199.4	74,801.0	94,225.2	1,244,030.2	2,657,255.8	3,470	64	113	3,647
Department of Labor and Workforce Development	35,363.0	33,696.4	26,566.7	98,778.8	194,404.9	869	77	14	960
Department of Law	63,135.5	2,698.7	28,432.7	1,966.4	96,233.3	576	3	0	579
Department of Military and Veterans Affairs	22,574.3	28.4	16,612.8	25,200.8	64,416.3	339	2	1	342
Department of Natural Resources	81,192.9	25,649.5	40,675.8	22,434.1	169,952.3	756	240	112	1,108
Department of Public Safety	176,766.7	5,917.0	15,306.7	10,843.5	208,833.9	890	18	17	925
Department of Revenue	32,482.7	9,696.0	230,531.5	76,950.6	349,660.8	892	34	18	944
Department of Transportation/Public Facilities	290,379.5	69,011.9	272,422.8	3,844.6	635,658.8	3,186	404	227	3,817
University of Alaska	368,824.8	341,365.5	86,567.8	150,852.7	947,610.8	4,727	222	0	4,949
Alaska Court System	111,373.5	518.0	1,801.9	1,675.6	115,369.0	773	50	21	844
Legislature	73,590.3	71.4	403.0	0.0	74,064.7	251	285	0	536
Branch-wide Unallocated Appropriations	36,000.0	0.0	0.0	0.0	36,000.0	0	0	0	0
Debt Service	225,992.8	20,800.0	88,486.1	17,473.9	352,752.8	0	0	0	0
Fund Capitalization	467,000.0	1,825.8	3,508.8	23,299.0	495,633.6	0	0	0	0
Direct Appropriations to Retirement Accounts	633,780.6	0.0	0.0	0.0	633,780.6	0	0	0	0
Special Appropriations	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Total:	5,706,798.1	777,434.8	1,283,210.0	2,027,713.3	9,795,156.2	22,141	2,152	709	25,002

Department UGF/DGF/Other/Fed Summary - Capital Budget

Scenario: FY2014 Governor (3072)

Department	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
Department of Administration	44,861,470	0	5,114,400	0	49,975,870
Department of Commerce, Community, and Economic Development	200,215,000	25,065,000	0	14,945,018	240,225,018
Department of Corrections	6,065,000	0	0	0	6,065,000
Department of Education and Early Development	45,608,119	46,172,382	0	0	91,780,501
Department of Environmental Conservation	50,759,037	0	3,896,800	42,250,000	96,905,837
Department of Fish and Game	14,380,000	0	0	2,250,000	16,630,000
Department of Health and Social Services	26,704,500	0	300,000	35,398,200	62,402,700
Department of Labor and Workforce Development	9,143,000	0	0	0	9,143,000
Department of Law	2,200,000	0	0	0	2,200,000
Department of Military and Veterans Affairs	12,286,400	0	0	18,621,500	30,907,900
Department of Natural Resources	18,282,000	250,000	2,500,000	7,750,000	28,782,000
Department of Public Safety	5,582,000	200,000	0	1,200,000	6,982,000
Department of Revenue	113,274,100	1,630,000	905,000	13,943,900	129,753,000
Department of Transportation/Public Facilities	164,658,500	0	43,864,728	775,590,272	984,113,500
University of Alaska	37,500,000	1,300,000	0	0	38,800,000
Alaska Court System	16,718,600	0	0	0	16,718,600
Fund Capitalization	27,000,000	0	0	0	27,000,000
Totals:	795,237,726	74,617,382	56,580,928	911,948,890	1,838,384,926