

The Fiscal Year 2002 Budget:

legislative fiscal analyst overview of the governor's request



Legislative Finance Division

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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.

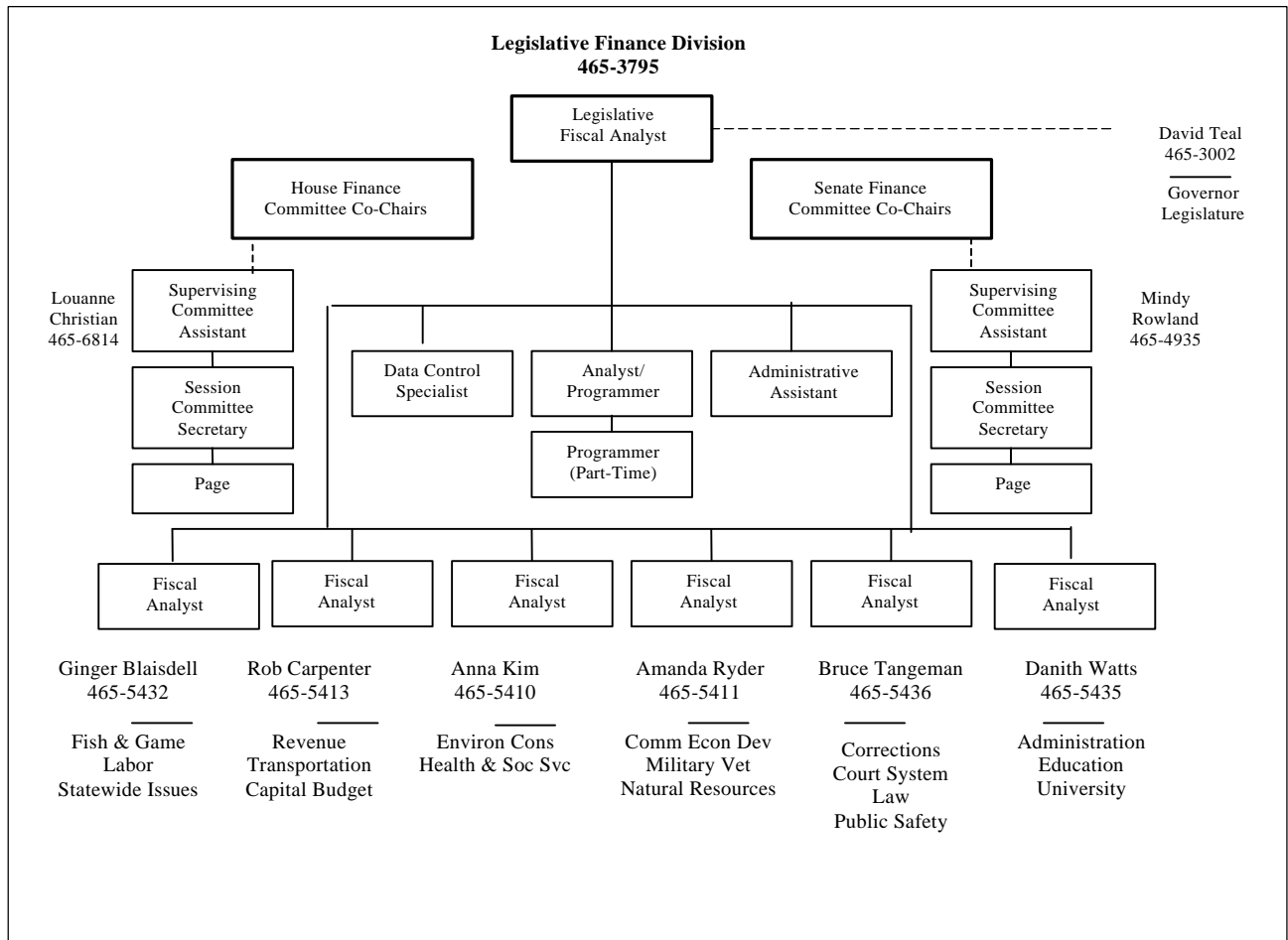


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legislative fiscal analyst overview of the governor's FY02 request

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 FY02 budget was prepared by the Legislative Finance Division in accordance with responsibilities assigned by Alaska Statute 24.20.211-231.

Summary Analysis

This past year's high oil prices placed pressure on consumers nationwide by driving up home heating fuel and transportation costs, but high oil prices are good news for Alaska's treasury. At this time last year, Alaska faced a projected \$837 million dollar shortfall of general funds in FY01. The Department of Revenue's *Fall 2000 Revenue Sources Book* projects a surplus of nearly \$120 million for FY01. Since that forecast was released, oil prices have fallen and a budget surplus is far from certain.

The news is worse for FY02. The Department of Revenue's *Fall 2000 Revenue Sources Book* projects a deficit of over \$500 million for FY02 (given the Governor's requested level of spending). In part, the higher projected deficit is due to an anticipated decline in oil revenue, but higher expenditures also play a role. The most important long-term fiscal issue facing the State is that anticipated general fund expenditures are significantly greater than projected general fund revenue.

Total authorization requested for FY02 (excluding duplication and including Permanent Fund dividends and inflation proofing) is \$7.24 billion, which is \$263 million above the FY01 level. Projected Permanent Fund authorization for dividends and inflation proofing is up \$48 million and the operating and capital bills are up a total of \$216 million.

General Funds

Our analysis of the Governor's FY02 request shows general fund increases in the following areas:

Operating Budget:	\$97.5 million
Capital Budget:	\$29.7 million
Debt Service/other	<u>\$28.2 million</u>
Total:	\$155.4 million

The requested increases do not take into account the amount of general fund spending in last year's budget that was appropriated as "one-time" funding. \$29.4 million was used in FY01 from fund sources that are no longer available, such as reappropriations of unspent FY00 appropriations.

The Governor's operating request includes increased general fund spending for health care, social programs, public safety, education, and services for seniors. In addition, the request includes \$19.8 million in increased labor costs associated with contracts approved last year and it replaces several million dollars of nonrepeatable fund sources with general funds. These sources include \$6.2 million Investment Loss Trust Fund and \$15 million in dividends from State corporations.

Federal Funds

The Governor requests increased federal authorization of \$100 million, bringing total FY02 federal authorization to \$1.95 billion. A \$20 million decline in federal funding for capital projects is offset by increases in the operating budget. Increased federal funding is for special programs such as coastal management, marine life studies (associated with both the western Alaska fishing disaster and protection of stellar sea lions), as well as increased entitlement payments for Medicaid, education and other social services. Although some of the additional federal funding requires state contribution, much of it requires no state match.

Other Funds

Requests for authorization to spend other fund sources (net of duplication) are reduced by \$40 million. Almost the entire reduction is in the capital budget. The FY01 capital budget included \$169 million in AHFC bonds. These bonds no longer appear in the FY02 request, but are replaced by \$127 million in bonds for International Airport construction projects. While there were numerous increases and decreases in various funding sources, these changes essentially net zero.

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Issues

Legislative Finance typically disagrees with the Governor's treatment of certain issues, and this year is no exception. As usual, the disagreements have more to do with presentation of numbers rather than the numbers themselves. A brief discussion of differences in presentation follows.

Fiscal summaries have traditionally included appropriations from the Constitutional Budget Reserve Fund (CBRF) and the Investment Loss Trust Fund (ILTF) under the "General Funds" or "General Purpose" heading. However, appropriation bills and all Legislative Finance reports classify CBRF and ILTF as "Other" funds. OMB retains the traditional classification this year while Legislative Finance now matches the bills. The impact is to make the Governor's FY02 general fund increase appear to be \$6.2 million larger than under the OMB version of the fiscal summary.

The remainder of the \$10 million difference between the OMB and Legislative Finance versions of the fiscal summary (a \$145 million and a \$155 million increase in general funds, respectively) is due to a contingent appropriation of \$3.9 million for the Social Services Block Grant. Legislative Finance includes the amount while OMB does not.

Treatment of lease costs for the Anchorage jail differs but does not change total authorization. OMB classifies the \$3.6 million appropriation as debt service. Legislative Finance classifies the Anchorage jail agreement as a lease and places it in "agency operations" row of the fiscal summary because Anchorage will retain ownership of the facility upon termination of the agreement.

Legislative Finance also includes a \$2 million appropriation of federal funds for fire suppression and several RPLs (Revised Programs that require legislative approval) that OMB omits. Identification of duplicated expenditures accounts for most of the difference in the "Other" column.

There has been a tendency to use fund changes to disguise increments in the past. That trend continues in FY02 and is joined by the use of transfers to disguise increments.

The Department of Health and Social Services provides an example of the use of transfers to disguise increments. The Department has surplus general funds due to declining welfare caseloads. Rather than requesting a decrement, the Department transfers the surplus funds to other appropriations within the agency, which then show no increments. Legislative Finance prefers that transfers between programs be used to show organizational changes, not to move money with no corresponding transfer of responsibilities.

There are no firm rules for transactions, so using fund changes and transfers as the Governor has done is not an error. The point of drawing attention to the practice is to make subcommittees aware that increments come in several forms, and some of them are hard to recognize.

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A 25-Year History of Revenue and Appropriations

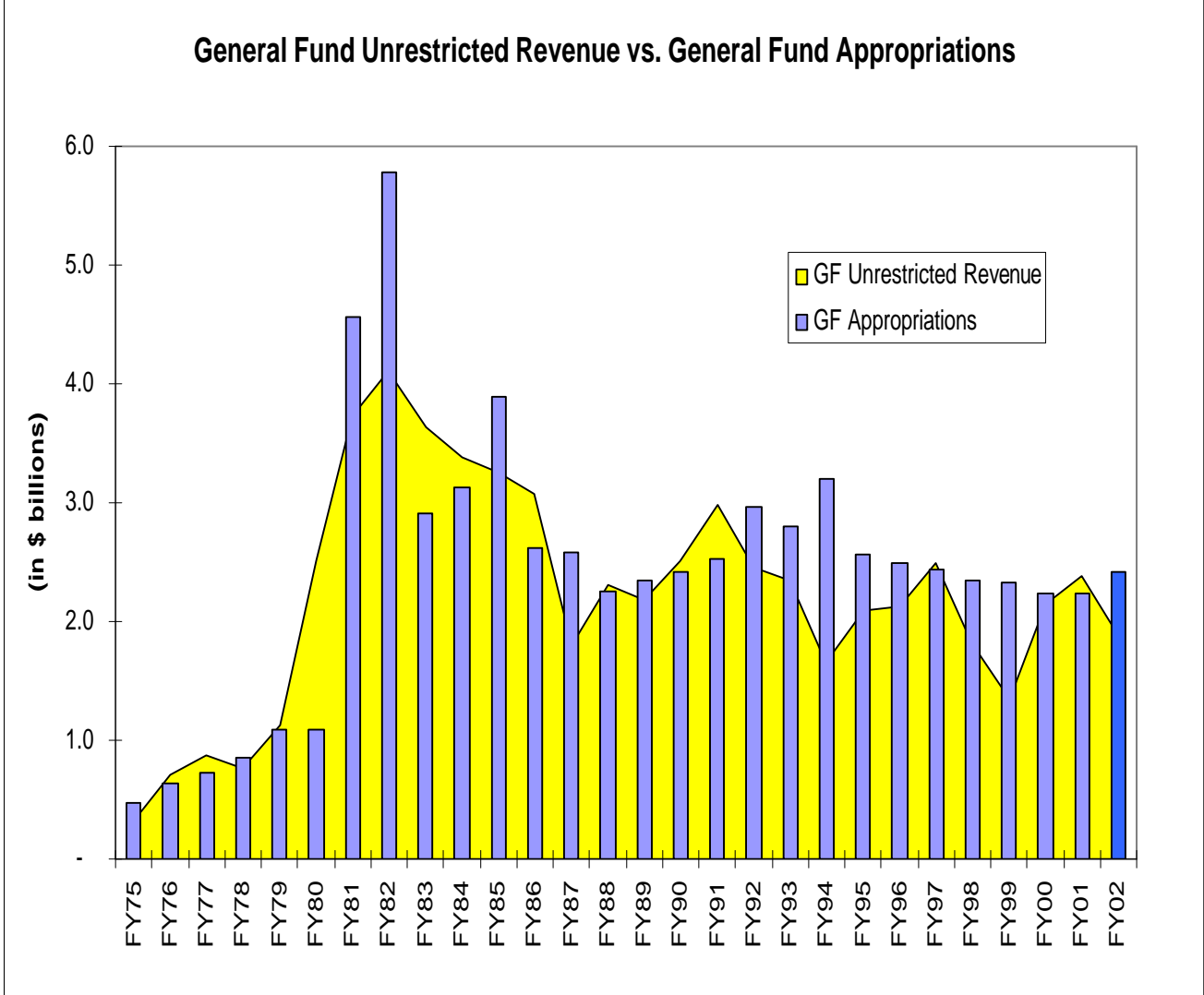
The accompanying graph shows general fund unrestricted revenue and general fund appropriations from FY75 through FY02. Following are historical highlights that help put the graph in perspective.

The **Revenue** peaks and valleys shown are almost solely attributable to oil fluctuation.

- **1979- 1982** Oil production increased rapidly, as did oil prices.
- **1986** Oil prices declined from a projected \$24.64/bbl to \$22.03/bbl. With high production, the slight price drop caused a significant drop in Alaska's revenues.
- **1991** The Gulf War increased oil prices from \$19.15/bbl to \$21.57/bbl.
- **1994** Oil prices declined from a projected \$18.25/bbl to \$14.05/bbl.
- **1997** Oil prices unexpectedly high--from projected \$16.72/bbl to \$20.90/bbl.
- **1998** Iraq exports drive prices down from projected \$18.44/bbl to \$16.03/bbl.
- **1999** Price "crash" brings oil to a new low of \$11.58/bbl.
- **2000-2001** ANS Oil hits peak of \$35.62 per barrel on September 20, 2000. FY01 average to date (Jan 8, 2001) is \$29.19 per barrel. The Department of Revenue projects a general fund surplus ending FY01 of approximately \$120 million (Fall 2000 Revenue Sources Book).

The following activities describe **Appropriations**:

- **1979** Alaska's first \$1 billion operating budget plus \$100 million supplemental.
- **1980** Capital budget increased from \$23 million in FY79 to \$86 million in 1980.
- **1981** Alaska's operating budget increases to \$1.5 billion, capital expenditures jump from \$86 million to \$900 million. Special appropriations of \$2 billion are added to 1981's peak.
- **1982** Alaska's operating budget grows by another \$ 400 million and the capital budget declines slightly. Special appropriations are approximately \$3 billion (including a \$1.8 billion transfer to the Alaska Permanent Fund deposited over four years).
- **1983 and 1984** Appropriations drop significantly due to decline in special appropriations spending, however, the operating and capital budgets stay at around \$1.9 billion and \$ 400 million respectively.
- **1985** Operating budget increases to \$2.3 billion and capital jumps to \$1.3 billion.
- **1986** Statutory Budget Reserve created.
- **1986** Oil revenues drop due to a price crash. Overall spending stays relatively stable but drops in FY88 and rebounds in FY89. During this time 1,300 positions were eliminated from the state work force. By 1991 state positions were back to the "pre-layoff" level.
- **1990** Constitutional Budget Reserve created.
- **1993** Alaska draws from the Constitutional Budget Reserve to offset the decline in revenues.
- **1997** An unexpected increase in revenues creates a \$70 million general fund surplus.
- **1998 to 2000** The Constitutional Budget Reserve is depended upon to "balance" the state's expenditures with its declining revenue source.
- **2001** End of legislature's 5-year plan to close the fiscal gap.
- **2002** Governor requests increase of \$155 million, fiscal gap projected to be \$530 million.



Fiscal Summary--FY01/FY02

Page 1
(\$ millions)

	FY01 Authorized				FY02 Governor's Request				FY01 to FY02
	General Fund	Federal	Other	Total	General Fund	Federal	Other	Total	General Fund
REVENUE (Excludes Permanent Fund Earnings)									
Unrestricted General Purpose Revenue	2,384.0	0.0	0.0	2,384.0	1,885.5	0.0	0.0	1,885.5	(498.5)
AIDEA Receipts	0.0	0.0	18.5	18.5	0.0	0.0	17.5	17.5	0.0
AHFC Receipts	0.0	0.0	67.0	67.0	0.0	0.0	58.0	58.0	0.0
AK Commission on Postsecondary Education	0.0	0.0	2.2	2.2	0.0	0.0	4.0	4.0	0.0
Federal and Other Funds	0.0	1,855.7	970.3	2,826.0	0.0	1,955.4	900.1	2,855.5	0.0
Revenue Added after Publication of Forecast	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	2,384.0	1,855.7	1,058.0	5,297.7	1,885.5	1,955.4	979.6	4,820.5	(498.5)
AUTHORIZATION TO SPEND									
Operating (1)	2,114.3	983.7	671.6	3,769.7	2,211.8	1,103.1	668.9	3,983.8	97.5
Agency Operations (Non-Formula)	1,071.5	560.9	1,038.5	2,670.8	1,149.1	638.8	1,056.7	2,844.6	77.7
Formula Programs	1,041.8	412.0	84.0	1,537.8	1,058.8	462.3	74.3	1,595.3	17.0
Language Appropriations (2)	1.1	0.0	3.2	4.2	3.9	2.0	3.9	9.8	2.8
Revised Programs (Legislatively approved only)	0.0	10.9	1.2	12.1	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(455.2)	(455.2)	0.0	0.0	(466.0)	(466.0)	0.0
Capital	71.2	847.2	276.6	1,194.9	100.9	827.4	238.4	1,166.7	29.7
Project Appropriations	71.2	805.1	139.0	1,015.3	100.3	820.4	275.8	1,196.5	29.1
Language Appropriations (2)	0.0	23.5	178.3	201.8	0.6	7.0	0.4	7.9	0.6
Revised Programs (Legislatively approved only)	0.0	18.6	0.3	18.8	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(41.0)	(41.0)	0.0	0.0	(37.7)	(37.7)	0.0
Statewide	75.3	24.8	70.8	170.8	103.5	24.8	72.3	200.7	28.2
Debt Retirement	12.9	0.0	91.6	104.5	37.9	0.0	94.7	132.7	25.0
Non-Debt Fund Capitalization	45.9	24.8	18.2	88.9	51.0	24.8	22.4	98.2	5.1
Special Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Appropriations (3)	16.5	0.0	0.0	16.5	14.6	0.0	0.0	14.6	(1.9)
New Legislation (4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Duplicated Authorization	0.0	0.0	(39.0)	(39.0)	0.0	0.0	(44.8)	(44.8)	0.0
TOTAL AUTHORIZATION (unduplicated) (excludes Permanent Fund Earnings)	2,260.8	1,855.7	1,019.0	5,135.5	2,416.2	1,955.4	979.6	5,351.1	155.4
Draw From Constitutional Budget Reserve Fund	(123.2)				530.7				

Revenue Assumptions:
Price per Barrel of Oil
Oil Production (MMb/day)

Fall 2000 Revenue Sources Book
\$30.17
\$1.000

Fall 2000 Revenue Sources Book
\$24.28
1.054

Notes:

- (1) Shared Taxes, Fishery Enhancement Tax Receipts and retained fees 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) Supplemental appropriations for FY01 & FY02 are estimates. Estimates are provided only for the general fund portion of these items.
- (4) Authorization/expenditures associated with new legislation in the prior year is included in other categories.

Fiscal Summary--FY01/FY02

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, 2000	2,836.0	26,516.0	20,015.0	2,972.0	3,529.0
Settlements	80.0	-	-	-	-
Earnings/Dedicated Revenues	164.8	1,879.0	343.0	1,976.0	(440.0)
Permanent Fund Inflation Proofing		-	646.0	(646.0)	-
Permanent Fund Deposits to Principal		-	18.0	(18.0)	-
Permanent Fund Dividend Payout		(1,192.0)	-	(1,192.0)	-
Transfer to PCE Account		-	-	-	-
Transfer to General Fund	123.2	-	-	-	-
Balance Adjustments	(46.7)	-	-	-	-
Ending Balance at June 30, 2001	<u>3,157.3</u>	<u>27,203.0</u>	<u>21,022.0</u>	<u>3,092.0</u>	<u>3,089.0</u>
Net Additions to Account Balance	<u>321.3</u>	<u>687.0</u>	<u>1,007.0</u>	<u>120.0</u>	<u>(440.0)</u>
Beginning Balance at July 1, 2001	3,157.3	27,203.0	21,022.0	3,092.0	3,089.0
Settlements	45.0	-	-	-	-
Earnings/Dedicated Revenues	166.1	2,503.0	291.0	2,081.0	131.0
Permanent Fund Inflation Proofing		-	693.0	(693.0)	-
Permanent Fund Deposits to Principal		-	20.0	(20.0)	-
Permanent Fund Dividend Payout		(1,193.0)	-	(1,193.0)	-
Transfer to General Fund	(530.7)	-	-	-	-
Balance Adjustments		-	-	-	-
Ending Balance at June 30, 2002	<u>2,837.7</u>	<u>28,513.0</u>	<u>22,026.0</u>	<u>3,267.0</u>	<u>3,220.0</u>
Net Additions to Account Balance	<u>(319.5)</u>	<u>1,310.0</u>	<u>1,004.0</u>	<u>175.0</u>	<u>131.0</u>

Permanent Fund information is from the Department of Revenue's Fall 2000 Source Book

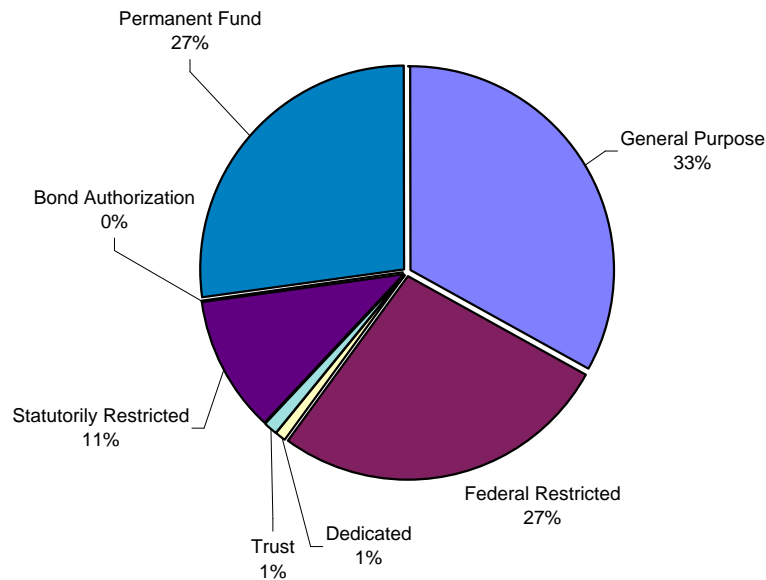
Total Authorization (all fund sources)	FY01	FY02	FY01 to FY02
Total Authorization (from Fiscal Summary page 1)	5,135.5	5,351.1	215.7
Permanent Fund Inflation Proofing	646.0	693.0	47.0
Permanent Fund Dividends	1,192.0	1,193.0	1.0
Total	6,973.5	7,237.1	263.7

legislative fiscal analyst overview of the governor's FY02 request

Fiscal Summary--FY01/FY02

State of Alaska Expenditures by Category--FY02

Total Expenditures = \$7.2 billion



Definitions of Funds

General Fund expenditures include general fund match, general fund program receipts, "pure" general fund expenditures, and several expenditure codes that are separated for tracking purposes. "Tracking codes" include general fund mental health 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 Savings 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.

Debt Obligations

Total State debt service obligations for FY02, excluding corporate debt such as that of AHFC and AIDEA, amount to \$147,803,900. This is an overall increase of \$35,686,100 from FY01. Debt service paid with general funds increased by \$28,561,700 to \$41,492,300.

In FY01, \$4 million was withdrawn from the Alaska Debt Retirement Fund (ADRF) to fund employee labor cost increases. For FY02, the Governor proposes capitalizing the ADRF with a combination of \$34,401,400 general funds and \$6,000,000 of the AHFC dividend.

School Debt Reimbursement requirements have increased \$4,201,600 to a total of \$57,020,500. The Governor proposes funding school debt reimbursement with \$29,049,100 in School Funds¹ and \$27,971,400 from the ADRF.

Lease purchase and lease obligations have increased by \$3,121,700 to a total of \$19,520,900. Lease purchase obligations include the following (all proposed to be paid from the ADRF): Palmer Airport Fire Facility - \$766,800; Spring Creek Correctional Facility - \$4,021,600; Palmer Courthouse - \$415,800; Kenai Courthouse - \$563,000; Anchorage Times Building - \$789,700; Soldotna DOT Maintenance Facility - \$637,300; Anchorage Health Lab - \$2,261,300; Fairbanks Courthouse - \$2,894,500; Trustee Fees - \$80,000. Additionally, the Governor proposes appropriating \$7,090,900 of general funds to the Department of Administration for lease payments to the Municipality of Anchorage and AHFC.²

The \$103,000,000 AHFC dividend, is used as follows:

- \$37.988 million will be retained by the corporation to pay debt service on the bonds issued for \$224.4 million in capital projects (Sec. 2(c), Ch. 129, SLA 1998).
- \$1 million will pay debt service on the University of Alaska's Anchorage dormitory (Ch. 26, SLA 1996).
- \$6.012 million will pay debt service on \$73 million of bonds issued for renovation of University facilities, and for construction, maintenance and renovation of ports, harbors, and AHFC facilities (Sec. 10, Ch. 130, SLA 2000 - HB 281).
- \$6 million will capitalize the ADRF.
- \$52 million will pay for capital projects proposed in the Governor's capital bill.

Ch. 130, SLA 2000 (HB 281) redirects 40% of the tobacco settlement revenue stream to pay debt service on \$93 million in bonds issued for school construction.

Legislative Fiscal Analyst Comment: *The \$169 million of capital projects funded with a combination of the newly created Tobacco Revenue Bonds and AHFC Revenue Bonds have a long-term impact on the general fund. The tobacco bonds are secured by 40% of Alaska's revenue stream from the class action tobacco settlement with Phillip Morris. This revenue (approximately \$10.5 million for FY02) is diverted from the general fund and earmarked for bond redemption. Similarly, increased AHFC revenue bonding for capital projects has reduced the AHFC dividend available for non-debt purposes. Of the \$103 million annual AHFC dividend, only \$58 million is transferred to the treasury in FY02. As debt service requirements increase, additional general fund appropriations are required to fund programs and the ADRF.*

¹ 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). Its intended purpose is funding new school construction.

² The Municipality of Anchorage issued municipal bonds to pay for the construction of the Anchorage jail. The bonds are secured by lease payments from the State of Alaska for use of the jail. In a similar fashion, AHFC purchased the Robert B. Atwood building for approximately \$39 million in cash and then issued revenue bonds secured by the building itself and lease payments from the State. OMB classifies both these transactions as debt service. Legislative Finance agrees with OMB on the Atwood building, but classifies the Anchorage jail agreement as a lease and places it in "agency operations" row of the fiscal summary because Anchorage will retain ownership of the facility upon termination of the agreement. The transaction appears as debt service in the bill and in the table below, and will be counted as debt service in Legislative Finance reports until the legislature reclassifies the transaction.

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Debt service for international airport revenue bonds has increased \$8,843,000 to a total of \$16,750,000. The Governor proposes paying this obligation with \$14,549,400 in International Airport Revenue Funds and \$2,200,600 of Statutory Designated Program Receipts (SDPR).³

The Alaska Clean Water Fund's and the Alaska Drinking Water Fund's interest earnings are appropriated to their revenue bond redemption funds (\$1,680,000 and \$850,000, respectively). In FY01, both funds issued revenue bonds secured by the funds' loans and assets. The proceeds of the bond sales were used to meet the match requirement for federal grants. The bonds were paid in full the day after issuance with the interest earnings of the respective funds. Because of federal regulations restricting use of the funds' assets, the interest earnings were effectively recycled by the bond issuance and payback, and used as the state match to the federal grants.

Debt Service State of Alaska—FY01 and FY02

<u>General Funds Use</u>	<u>FY 01</u>	<u>FY 02</u>	<u>Change</u>
ADRF Capitalization	9,389,200	34,401,400	25,012,200
Leases:			
Anchorage Jail (See note 1)	-	3,555,700	3,555,700
Robert B. Atwood Building	3,541,400	3,535,200	(6,200)
	12,930,600	41,492,300	28,561,700
			-
<u>ADRF Use</u>			
Lease/Purchase:			
Palmer Airport Fire Facility	767,700	766,800	(900)
Spring Creek Correctional Facility	4,035,400	4,021,600	(13,800)
Palmer Courthouse	414,400	415,800	1,400
Kenai Courthouse	562,800	563,000	200
Court Plaza Building	445,300	-	(445,300)
Anchorage Time Building	790,300	789,700	(600)
Soldotna DOT Maintenance Facility	631,900	637,300	5,400
Anchorage Health Lab	2,235,500	2,261,300	25,800
Fairbanks Courthouse	2,890,500	2,894,500	4,000
Trustee Fees	84,000	80,000	(4,000)
School Debt Reimbursement	23,481,600	27,971,400	4,489,800
	36,339,400	40,401,400	4,062,000
<u>Other Funds Use</u>			
International Airport Revenue Bonds			
Int. Airport Revenue Funds	7,907,000	14,549,400	6,642,400
Statutory Designated Program Receipts	-	2,200,600	2,200,600
School Debt Reimbursement			
School Fund	29,337,300	29,049,100	(288,200)
ADRF Capitalization			
AHFC Dividend	15,000,000	6,000,000	(9,000,000)
Capital Project Bonding:			
Ch. 26, SLA 1996; Sec. 2(c), Ch. 129, SLA 1998; Sec. 10, Ch. 130, SLA 2000			
AHFC Dividend	34,992,500	44,000,000	9,007,500
Sec. 10, Ch. 130, SLA 2000			
Tobacco Settlement Receipts	-	10,512,500	10,512,500
AK Clean Water Bond Redemption Fund Capitalization			
Clean Water Fund Interest	1,680,000	1,680,000	-
AK Drinking Water Bond Redemption Fund Capitalization			
Drinking Water Fund Interest	650,000	850,000	200,000
	89,566,800	108,841,600	19,274,800
Total Debt Obligations (See note 2)	\$ 100,167,400	\$ 147,803,900	\$ 47,636,500

(1) Debt service on the Anchorage jail may be more properly classified as lease costs and placed in the Department of Administration operating budget.

(2) Duplicate appropriations (ADRF) and fund capitalizations (Clean Water and Drinking Water funds) are excluded.

³ See Capital Budget overview. Correct classification of these statutory designated program receipts appears to be International Airport Revenue Fund.

Use of “Receipt” Fund Source Codes

In the 1990s, the Governor and legislature looked for ways to show the public a spending plan that was fiscally responsible during times of declining revenues. State expenditures became the focal point of attempts to balance the budget, with special focus on general fund expenditures. This raised a complex issue involving programs that collect money for providing services.

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. Although receiving and spending program receipts has no impact on the fiscal gap, General Fund Program Receipts (money collected for providing a service) do increase expenditures classified as general funds. The emphasis on reducing general fund expenditures applied not only to General Fund Program Receipts, but also to pure general funds.

The Governor and legislature reviewed state programs to determine if the money those programs collected could be classified as something other than general funds. The key to determining whether money could be reclassified is whether its use is restricted or unrestricted. Unrestricted general funds are receipts such as oil related revenues or taxes and can be used for any state service. Restricted general fund receipts cannot be spent for general purposes. For example, donations collected for public broadcasting must be used for public broadcasting.

Designated Program Receipts

The fund for “designated program receipts” was created (AS 37.05.146) to separate general fund receipts that had restrictions for state use from those receipts that were unrestricted. Gifts, grants and bequests to the state that had specific requirements for spending were determined to have specific requirements for use. Similarly, contractual agreements (by non-government entities) held specific requirements for use.

Specific criteria for allowing certain receipts to be classified as “designated program receipts” were used to review how and from whom the state’s revenues were received. Three standard questions were asked:

1. Is the payment received from a state or federal government entity?
2. Does the state have to spend the receipts for a specific purpose?
3. Would the state offer the service if the receipts were not collected?

Programs that answered “yes” to any of the three questions asked above were not allowed to classify receipts as “designated program receipts.”

Receipt Supported Services

During the 2000 session, the Governor and legislature wanted to identify program receipts that may have answered “yes” to number two or three of the “designated program receipts” questions, but that had restrictions on the use of receipts.

Program receipts that are restricted to a specific use are now classified as “receipt supported services” funds. Toll charges for use of the Whittier Tunnel are an example of a receipt supported service.

Had the new fund codes “Statutory Designated Program Receipts” and “Receipt Supported Services” not been created, the State’s general fund spending would appear to be nearly \$100 million greater than is shown in the fiscal summary. (Note that “other” spending would decrease by a like amount and that revenue would also shift from the general fund to the “other” column.) By identifying these funds as “other funds” rather than “general funds” in state spending plans, Alaskans can better understand non-designated general funds and the impact of state spending on the fiscal gap.

legislative fiscal analyst overview of the governor's FY02 request

General Fund Program Receipts

	FY96*	FY97*	FY98	FY99	FY00	FY01	FY02
	Auth	Auth	Auth	Auth	Auth	Auth	Gov
General Fund Program Rcpt	85,343.8	92,372.8	79,102.3	78,508.2	82,564.2	47,919.1	45,974.7

**The amount for FY96 includes Gifts/Grants/Bequests and FY97 combines GF/PR and GF Designated funds.*

Statutory Designated Program Receipts

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).

SDPR receipts generally include payments from a third party to a state agency for the performance of a service or a grant of funds made with restrictions on the use of the funds. If the third party doesn't pay the money, the state agency doesn't perform the service – and vice versa.

Each year additional program receipts have been classified as SDPR, thereby removing expenditures from the general fund group.

	FY98	FY99	FY00	FY01	FY02
	Auth	Auth	Auth	Auth	Gov
Statutory Designated Program Receipts	11,516.0	15,132.4	21,906.6	43,948.3	46,950.4

Receipt Supported Services

During the last legislative session, bills were passed that established new funding codes specifically to identify programs that were self-sufficient because they collected revenue directly from users who receive direct benefit as a result of their payment. In almost every use of this new fund classification, General Fund Program Receipts are now called Receipt Supported Services. As with SDPR, Receipt Supported Services are not dedicated funds; they cannot be spent without appropriation. Most programs with Receipt Supported Services have boards that review the assessment of fees or other charges.

	FY01	FY02
	Auth	Gov
Receipt Supported Services	44,948.5	50,379.5

legislative fiscal analyst overview of the governor's FY02 request

Position Comparison

On the Governor's web site, a budget document entitled "Analysis of Changes in Number of Positions in the FY2002 Budget" states that "it might appear that there are many new positions in next year's budget. Here's the story behind the numbers." The analysis then describes 516 new positions.

Legislative Finance compared the number of positions requested in the Governor's FY02 budget to the number of positions authorized by the legislature for FY01. Those figures show an increase of 904 PFT, 41 PPT and 82 temporary positions. Position counts by agency are shown in the table below.

At the close of the 2000 session, the legislature authorized each agency a FY01 position count no higher than for FY00. This resulted in an unallocated reduction of 82 full-time, 7 part-time and 24 non-permanent positions statewide.

The FY01 Authorized position column reflects the number of positions authorized by the legislature. The FY01 Management Plan column shows a significant growth in positions as agencies replaced positions that the legislature reduced and added others for increased workload growth during FY01. The Governor's request for FY02 adds 649 full-time positions to the FY01 Management Plan.

Agency	FY01 Auth			FY01 Mgt Plan			FY02 Gov			Net Change in Positions FY01 Auth – Gov		
	PFT	PPT	NP	PFT	PPT	NP	PFT	PPT	NP	PFT	PPT	NP
	Administration	1341	114	95	1353	109	99	1511	119	100	170	5
Comm Econ Dev	459	9	1	464	7	1	480	6	1	21	-3	0
Corrections	1366	4	0	1373	3	0	1478	3	0	112	-1	0
Education	362	108	2	365	109	2	371	114	3	9	6	1
Envir Cons	466	5	5	474	8	5	480	7	4	14	2	-1
Fish and Game	820	885	66	835	872	128	856	904	139	36	19	73
Governor	177	4	27	175	4	38	175	3	23	-2	-1	-4
H&SS	2193	56	12	2272	54	14	2381	59	26	188	3	14
Labor	748	93	45	782	72	16	793	70	10	45	-23	-35
Law	450	16	0	452	16	2	459	17	1	9	1	1
Military Vet Affairs	222	1	5	240	2	9	248	5	8	26	4	3
Natural Resources	556	237	79	564	232	99	581	257	93	25	20	14
Public Safety	719	22	1	723	20	3	758	20	1	39	-2	0
Revenue	787	26	55	801	26	55	810	25	57	23	-1	2
DOT/PF	2822	632	1	2859	636	11	2867	633	9	45	1	8
University of AK	3388	233	0	3388	233	0	3511	239	0	123	6	0
Courts	665	50	26	666	50	26	676	52	27	11	2	1
Legislature	219	274	0	229	277	0	229	277	0	10	3	0
Statewide	17,760	2,769	420	18,015	2,729	508	18,664	2,810	502	904	41	82
										FY01 Mgt Plan to FY02 Gov		
Statewide	17,760	2,769	420	18,015	2,729	508	18,664	2,810	502	649	81	-6

legislative fiscal analyst overview of the governor's FY02 request

Operating Budget

The Governor's proposed FY02 operating budget is \$3.98 billion. This request is \$214.1 million more than FY01 Authorized. The Governor proposes a General Fund increment of \$97.5 million for a \$2.2 billion General Fund operating budget in FY02. For discussion purposes, 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 or cost of service established by law.

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.

	FY00	FY01	FY02	FY01 Mgt Plan –
TOTAL FUNDS	Actuals	Mgt Plan	Gov	FY02 Gov
Formula Programs	1,507.3	1,537.5	1,595.3	57.8
Agency Operations	2,430.1	2,671.1	2,841.1	170.0
Operating Total	3,937.4	4,208.6	4,436.4	227.8

In the Governor's FY02 request, general funds make up approximately 68% of the total formula program funding and 56% of the agency operations funding. These are the same funding ratios as for the FY01 Management Plan.

	FY00	FY01	FY02	FY01 Mgt Plan –
GENERAL FUNDS	Actuals	Mgt Plan	Gov	FY02 Gov
Formula Programs	1,048.5	1,041.8	1,058.8	17.0
Agency Operations	1,089.3	1,071.5	1,145.5	74.0
Operating GF Total	2,137.8	2,114.3	2,204.2	91.0

Legislative Finance Division no longer includes Medicaid State Programs (Department of Health and Social Services) in the formula calculation due to changes in the component's operations.

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

Agency Operating Budgets Formula/Non-Formula Program Funding
(\$ millions)

General Purpose Fund Group Only Agency

	FY01 Management Plan			FY02 Governor's Request			Change from FY01 to FY02		
	Formula	Agency	Total	Formula	Agency	Total	Formula	Agency	Total
Administration	54,670.1	94,578.5	149,248.6	53,670.1	106,146.6	159,816.7	-1,000.0	11,568.1	10,568.1
Community and Economic Development	28,493.4	13,007.4	41,500.8	28,493.4	13,729.8	42,223.2	0.0	722.4	722.4
Corrections		142,810.8	142,810.8		145,951.2	145,951.2		3,140.4	3,140.4
Education and Early Development	694,944.6	30,053.1	724,997.7	699,344.6	32,728.3	732,072.9	4,400.0	2,675.2	7,075.2
Environmental Conservation		12,191.2	12,191.2		13,360.2	13,360.2		1,169.0	1,169.0
Fish and Game		30,347.0	30,347.0		30,994.0	30,994.0		647.0	647.0
Office of the Governor		18,332.1	18,332.1		15,536.8	15,536.8		-2,795.3	-2,795.3
Health and Social Services	262,781.7	192,240.7	455,022.4	276,371.6	220,466.9	496,838.5	13,589.9	28,226.2	41,816.1
Labor and Workforce Development		13,071.0	13,071.0		12,337.3	12,337.3		-733.7	-733.7
Law		25,977.8	25,977.8		25,905.2	25,905.2		-72.6	-72.6
Military and Veterans Affairs	879.8	6,875.9	7,755.7	879.8	8,003.7	8,883.5	0.0	1,127.8	1,127.8
Natural Resources		37,296.8	37,296.8		39,089.9	39,089.9		1,793.1	1,793.1
Public Safety		75,159.5	75,159.5		82,783.2	82,783.2		7,623.7	7,623.7
Revenue		12,113.4	12,113.4		12,017.3	12,017.3		-96.1	-96.1
Transportation/Public Facilities		96,727.5	96,727.5		98,074.8	98,074.8		1,347.3	1,347.3
University of Alaska		184,136.9	184,136.9		202,990.8	202,990.8		18,853.9	18,853.9
Alaska Court System		50,605.2	50,605.2		51,974.4	51,974.4		1,369.2	1,369.2
Legislature		37,005.3	37,005.3		37,278.1	37,278.1		272.8	272.8
Debt Service and Special Appropriations		57,753.6	57,753.6		87,097.3	87,097.3		29,343.7	29,343.7
Total Operating Budget	1,041,769.6	1,130,283.7	2,172,053.3	1,058,759.5	1,236,465.8	2,295,225.3	16,989.9	106,182.1	123,172.0
Percent of Total Budget	48.0%	52.0%	100.0%	46.1%	53.9%	100.0%	0.7%	4.6%	5.4%

legislative fiscal analyst overview of the governor's FY02 request

Formula Funded Programs General Purpose Funds (in \$ thousands)

	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Mgt Plan	FY02 Governor
ADMINISTRATION					
Longevity Bonus Program	68,031.9	63,528.6	55,897.8	53,558.6	52,558.6
Unlicensed Vessel Retire					75.0
Retirement & Benefits/EPORS	1,077.1	1,106.3	1,111.5	1,111.5	1,036.5
Subtotal	69,109.0	64,634.9	57,009.3	54,670.1	53,670.1
COMMUNITY & ECON DEVEL					
Renters Equivalency Rebate	300.0	300.0	-	-	-
State Revenue Sharing	22,717.2	21,583.8	12,852.8	12,855.2	12,855.2
Municipal Assistance	27,638.2	26,256.3	15,638.2	15,638.2	15,638.2
Subtotal	50,655.4	48,140.1	28,491.0	28,493.4	28,493.4
EDUCATION					
Public School Foundation	620,731.1	631,070.6	643,794.4	646,316.3	646,316.3
Tuition Students	2,213.9	1,921.2	2,225.0	2,225.0	2,225.0
Boarding Home Grants	161.7	185.9	185.9	185.9	185.9
Youth in Detention	557.5	800.0	800.0	1,100.0	1,100.0
Schools for the Handicapped	3,734.9	3,801.7	4,357.6	4,315.3	4,315.3
Pupil Transportation	35,195.2	36,609.6	41,914.8	40,302.1	44,702.1
Community Schools	499.3	500.0	400.0	500.0	500.0
Subtotal	663,093.6	674,889.0	693,677.7	694,944.6	699,344.6
HEALTH & SOCIAL SERVICES					
ATAP (Formerly AFDC)	43,422.9	40,005.0	37,414.4	35,592.2	27,542.0
Adult Public Assistance	41,924.3	44,065.4	46,153.0	48,599.6	50,434.7
General Relief Assistance	625.2	829.3	871.6	829.3	829.3
Old Age Asst.-ALB Hold Harmless	2,472.7	2,377.2	2,198.2	2,100.3	1,860.0
Tribal Assistance	-	-	2,108.7	3,933.7	6,783.9
Medicaid State Programs	4,590.3	2,369.5	-	-	-
Catastrophic & Chronic Illness	-	3,045.0	3,653.5	4,304.4	4,734.4
Medicaid Services	117,187.6	130,128.1	145,514.7	143,688.7	156,771.7
Medicaid Asst.-ALB Hold Harmless	50.7	-	-	-	-
General Relief Medical	4,189.7	-	-	-	-
Waivers Services	8,303.2	-	-	-	-
Child Care Benefits	4,224.4	6,104.3	6,102.1	3,000.0	3,000.0
Foster Care	9,949.4	12,813.8	13,912.3	14,021.7	15,240.3
Subsidized Adoptions/Guardians	4,963.8	5,305.9	6,401.4	6,711.8	9,175.3
Court Ordered Reunification	-	-	-	500.0	500.0
Subtotal	241,904.2	247,043.5	264,329.9	263,281.7	276,871.6
MILITARY & VETS AFFAIRS					
National Guard Retirement	1,434.9	1,104.5	1,104.5	879.8	879.8
Total Agency Formula Funding	1,026,197.1	1,035,812.0	1,044,612.4	1,042,269.6	1,059,259.5

Agency Summary – All Funds

Agency Summary - FY 02 Operating Budget - Governor Structure

All Funds

Numbers AND Language Sections!

Agency	FY00 Act	FY01 CC	FY01Auth	01MgtPln	Adj Base	Gov	01MgtPln to Gov	
Department of Administration	270,730.9	264,429.1	273,631.4	273,631.4	274,233.3	288,686.7	15,055.3	5.5 %
Department of Community and Economic Development	119,843.1	124,699.5	133,076.4	133,076.4	130,936.6	138,187.0	5,110.6	3.8 %
Department of Corrections	165,615.5	164,462.2	168,620.4	168,620.4	167,059.4	175,694.9	7,074.5	4.2 %
Department of Education and Early Development	895,910.5	900,586.7	915,832.2	915,832.2	901,389.9	931,119.8	15,287.6	1.7 %
Department of Environmental Conservation	46,873.1	47,679.9	49,161.0	49,161.0	48,762.2	50,500.8	1,339.8	2.7 %
Department of Fish and Game	103,423.4	114,949.5	117,245.5	117,245.5	117,002.1	126,819.4	9,573.9	8.2 %
Office of the Governor	18,054.1	20,800.2	22,640.9	22,640.9	18,855.0	27,299.4	4,658.5	20.6 %
Department of Health and Social Services	1,028,905.6	1,069,054.0	1,088,494.1	1,088,494.1	1,074,110.8	1,191,035.2	102,541.1	9.4 %
Department of Labor and Workforce Development	99,910.3	106,410.3	114,079.7	114,079.7	113,993.9	118,439.6	4,359.9	3.8 %
Department of Law	45,447.3	43,406.3	45,179.8	45,179.8	43,777.5	45,357.4	177.6	0.4 %
Department of Military and Veterans Affairs	39,271.8	36,401.8	36,759.9	36,759.9	36,607.7	39,064.7	2,304.8	6.3 %
Department of Natural Resources	69,689.5	64,638.6	68,484.2	68,484.2	68,185.4	72,973.3	4,489.1	6.6 %
Department of Public Safety	93,957.5	97,479.6	99,287.5	99,287.5	98,754.8	107,959.7	8,672.2	8.7 %
Department of Revenue	144,307.1	160,125.0	163,482.7	163,482.7	162,485.6	169,855.1	6,372.4	3.9 %
Department of Transportation/Public Facilities	310,206.4	317,797.8	323,089.3	323,089.3	320,188.4	326,495.2	3,405.9	1.1 %
University of Alaska	417,186.4	499,692.4	514,756.6	514,756.6	504,310.0	555,755.5	40,998.9	8.0 %
Alaska Court System	49,960.4	49,735.8	50,905.2	50,905.2	50,870.8	52,612.5	1,707.3	3.4 %
Legislature	31,822.6	33,386.5	37,070.3	37,070.3	37,343.1	37,343.1	272.8	0.7 %
Debt Service and Special Appropriations	92,034.5	166,782.0	149,687.9	149,687.9	149,687.9	183,717.0	34,029.1	22.7 %
Total - Operating Budget	4,043,150.0	4,282,517.2	4,371,485.0	4,371,485.0	4,318,554.4	4,638,916.3	267,431.3	6.1 %
Gen Purpose	2,168,398.7	2,176,532.1	2,172,053.3	2,172,053.3	2,137,344.5	2,295,225.3	123,172.0	5.7 %
Fed Restricted	869,671.6	976,759.2	981,852.2	981,852.2	981,391.7	1,112,085.9	130,233.7	13.3 %
Other Funds	1,005,079.7	1,129,225.9	1,217,579.5	1,217,579.5	1,199,818.2	1,231,605.1	14,025.6	1.2 %

Agency Summary – General Purpose Fund Group

Agency Summary - FY 02 Operating Budget - Governor Structure

Gen Purpose Fund Group Only!
 Numbers AND Language Sections!
 Agency

Agency	FY00 Act	FY01 CC	FY01Auth	01MgtPln	Adj Base	Gov	01MgtPln to Gov	
Department of Administration	166,033.4	161,301.8	149,248.6	149,248.6	150,323.1	159,816.7	10,568.1	7.1 %
Department of Community and Economic Development	62,480.8	55,624.0	41,500.8	41,500.8	40,299.7	42,223.2	722.4	1.7 %
Department of Corrections	144,573.6	141,945.9	142,810.8	142,810.8	141,966.8	145,951.2	3,140.4	2.2 %
Department of Education and Early Development	719,345.3	717,342.7	724,997.7	724,997.7	717,048.3	732,072.9	7,075.2	1.0 %
Department of Environmental Conservation	11,236.6	11,806.5	12,191.2	12,191.2	12,219.5	13,360.2	1,169.0	9.6 %
Department of Fish and Game	32,641.4	32,714.1	30,347.0	30,347.0	30,455.6	30,994.0	647.0	2.1 %
Office of the Governor	14,966.3	16,769.2	18,332.1	18,332.1	15,418.0	15,536.8	-2,795.3	-15.2 %
Department of Health and Social Services	447,236.2	439,491.8	455,022.4	455,022.4	440,831.2	496,838.5	41,816.1	9.2 %
Department of Labor and Workforce Development	14,275.0	12,701.9	13,071.0	13,071.0	13,105.1	12,337.3	-733.7	-5.6 %
Department of Law	27,069.6	24,987.3	25,977.8	25,977.8	25,148.4	25,905.2	-72.6	-0.3 %
Department of Military and Veterans Affairs	10,855.3	7,689.2	7,755.7	7,755.7	7,746.9	8,883.5	1,127.8	14.5 %
Department of Natural Resources	48,088.2	36,437.3	37,296.8	37,296.8	37,369.1	39,089.9	1,793.1	4.8 %
Department of Public Safety	76,416.6	75,957.4	75,159.5	75,159.5	75,120.8	82,783.2	7,623.7	10.1 %
Department of Revenue	11,583.6	11,429.0	12,113.4	12,113.4	11,714.4	12,017.3	-96.1	-0.8 %
Department of Transportation/Public Facilities	101,273.6	99,734.9	96,727.5	96,727.5	95,403.8	98,074.8	1,347.3	1.4 %
University of Alaska	172,344.1	172,344.1	184,136.9	184,136.9	177,571.3	202,990.8	18,853.9	10.2 %
Alaska Court System	49,657.4	49,435.8	50,605.2	50,605.2	50,570.8	51,974.4	1,369.2	2.7 %
Legislature	31,192.2	33,321.5	37,005.3	37,005.3	37,278.1	37,278.1	272.8	0.7 %
Debt Service and Special Appropriations	27,129.5	75,497.7	57,753.6	57,753.6	57,753.6	87,097.3	29,343.7	50.8 %
Total - Operating Budget	2,168,398.7	2,176,532.1	2,172,053.3	2,172,053.3	2,137,344.5	2,295,225.3	123,172.0	5.7 %

legislative fiscal analyst overview of the governor's FY02 request

Discussion of Language Sections of the Governor's Operating Bill—FY02

Sec. 4. ALASKA AEROSPACE DEVELOPMENT CORPORATION. Corporate receipts of the Alaska Aerospace Development Corporation received during the fiscal year ending June 30, 2002, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Development Corporation for operations during the fiscal year ending June 30, 2002.

This provision allows the Alaska Aerospace Development Corporation (AADC) to spend all AADC receipts received during FY02.

AADC Rcpt 2,800.0

Similar language was included for the first time in the FY01 operating bill. The provision reduces legislative oversight of the corporation by allowing unlimited receipts in excess of those appropriated in section 1 to be spent without legislative review.

2,149.2 AADC Rcpt is
appropriated in section 1

LFD Note: *This language does not address the balance of FY01 AADC corporate receipts that were not spent during FY01. Lapsing balances would be returned to funding sources rather than being retained by the corporation.*

Alternative: The legislature may wish to:

- 1) Replace this section with language adding AADC receipts to section 13, which lists funds that may be spent subject to review by the Legislative Budget and Audit Committee and
- 2) Add language that allows the AADC to carry forward unspent FY01 receipts into FY02. This can be done in this section or in section 9, which allows selected programs to carry forward receipts but limits total expenditures to the amount appropriated in section 1.

Sec. 5. ALASKA CHILDREN'S TRUST. Program receipts received from the issuance of heirloom birth certificates (AS 18.50.225), heirloom marriage certificates*¹ (AS 18.50.272), and special request Alaska children's trust license plates (AS 28.10.421(d))*² during the fiscal year ending June 30, 2002, are appropriated to the Alaska children's trust (AS 37.14.200).

This provision designates FY02 income from sales of heirloom birth and heirloom marriage certificates, and Trust license plates to the principal of the trust. The June 30, 2000 balance of the Alaska Children's Trust was approximately \$9.8 million, including earnings not yet appropriated to principal.

FY02
unknown amount

FY00
CAFR reported 163.0

The Alaska Children's Trust was created by the Legislature in 1988 (Chapter 19, SLA 88). The legislature appropriated \$6 million from the investment loss trust fund to the principal of the trust in Chapter 123, SLA 96. The trust was established to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect. Permissible uses of the trust are: *awarding of grants, obtaining private and federal grants for the trust, soliciting contributions, gifts, and bequests for the trust, and reimbursement to the Department of Revenue for the costs of establishing the trust.*

Interest earnings and other contributions to the fund that have not been appropriated to the trust principal are approximately 3,500.0 of non-designated trust income.

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The Trust Board (in the Office of the Governor) administers the trust. Up to \$150,000 of the principal of the trust may be appropriated for administrative expenses. In 1996 a non-profit corporation, Friends of the Alaska Children's Trust, was established to promote public awareness of the trust and to raise funds for the trust.

Past program receipts from the sale of heirloom birth certificates, heirloom marriage certificates and Trust license plates have been treated as trust receipts, but are not subject to restrictions that apply to the principal because the receipts have not been appropriated to principal. Interest earnings have also not been appropriated to the principal of the trust since the trust was established.

LFD Note *¹: *This appropriation conflicts with the Department of Health and Social Services' request (in section 1) to spend GF/Program Receipts generated from the sale of heirloom marriage certificates. The department also requests a fund change from GF/Program Receipts to Receipt Supported Services. Because the purpose of the charge for heirloom certificates is to contribute funds to the Trust, heirloom marriage certificate proceeds are appropriated twice in the Governor's request—first to the Trust and second to the Vital Statistics section.*

Any expenditures of the Trust should be appropriated as Children's Trust Earnings (fund code 1098) or Children's Trust Principal (fund code 1099). Expenditures of trust funds should fit within the statutory "permissible uses of the Trust".

LFD Note: *The Department of Health and Social Services (Vital Statistics) spent heirloom marriage certificate receipts during FY01. The legislature may wish to consider an appropriation of other funds to Vital Statistics (in the supplemental appropriation bill) to ensure there is no conflict in the use of the Alaska Children's Trust receipts.*

LFD Note *²: *AS 28.10.421(d) provides that the amount in excess of the cost of issuing the license plates is to go to the Children's Trust; this language appropriates gross receipts instead of net receipts.*

Recommendation: The legislature may wish to appropriate net license plate receipts to the trust, per statutory intent.

Recommendation: The legislature may wish to revise this section to appropriate all earnings (past and current) as well as "overlooked" program receipts to the trust.

Prior Appropriations:

FY00 Auth 345.7
from earnings

FY01 CC 405.7
from earnings

No amount has been appropriated from the principal of the trust for administrative costs. All administrative costs and grants have been spent from the earnings of the trust fund.

Sec. 6. ALASKA HOUSING FINANCE CORPORATION. (a) The board of directors of the Alaska Housing Finance Corporation has estimated that \$103,000,000 will be available in each of the fiscal years 1999 through 2006, for the repayment of bonds authorized under sec. 2(c), ch. 129, SLA 1998, for expenditures on corporate funded capital projects, and for transfer to the general fund.

(b) The money described in (a) of this section for the fiscal year ending June 30, 2002, is used for the following purposes in the following estimated amounts in the operating, capital, and mental health budgets for the fiscal year ending June 30, 2002:

- (1) \$52,000,000 for capital projects;

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(2) \$37,988,000 for debt service on the bonds authorized under sec. 2(c), ch. 129, SLA 1998;

(3) \$1,000,000 for debt service on University of Alaska, Anchorage dormitory construction authorized under ch. 26, SLA 1996;

(4) \$6,012,000 for debt service on the bonds authorized under sec. 10, ch. 130, SLA 2000.

(c) After deductions for the items set out in (b) of this section are made, any remaining balance of the amount under (a) of this section determined by the Alaska Housing Finance Corporation board of directors to be available in fiscal year 2002 is appropriated to the Alaska debt retirement fund (AS 37.15.011).

(d) All unrestricted mortgage loan interest payments, mortgage loan commitment fees, and other unrestricted receipts received by or accrued to the Alaska Housing Finance Corporation during fiscal year 2002 and all income earned on assets of the corporation during that period are appropriated to the Alaska Housing Finance Corporation to hold as corporate receipts for the purposes described in AS 18.55 and AS 18.56. The corporation shall allocate its corporate receipts among the Alaska housing finance revolving fund (AS 18.56.082), housing assistance loan fund (AS 18.56.420), and senior housing revolving fund (AS 18.56.710) in accordance with procedures adopted by the board of directors.

(e) The following amounts are appropriated to the Alaska Housing Finance Corporation (AHFC) from the sources indicated and for the following purposes:

PURPOSE	AMOUNT	SOURCE
Housing loan programs not subsidized by AHFC	\$798,000,000	AHFC corporate receipts
Housing loan programs and projects subsidized by AHFC	\$70,000,000	AHFC corporate receipts derived from arbitrage earnings
Housing assistance payments Section 8 program	\$27,500,000	Federal receipts

Sub-section a informs the legislature that the annual corporate "dividend" to the state will be \$103 million. AHFC would like the dividend to be used for debt service incurred in SLA 98, corporate funded capital projects and a transfer to the general fund.

AHFC Div 6,000.0

LFD Note: Although this section suggests a transfer to the general fund, sub-section c appropriates any remaining balance of the "dividend" to the Debt Retirement Fund.

Sub-section b:

Capital projects	52M
Bond debt (SLA 98)	38M
University debt	1M
Bond debt (SLA 00)	6M
Sub-TOTAL	97M

LFD Note: Debt service on SLA 2000 bonds is not among the purposes listed in sub-section a, but is listed among the transfers in sub-section b.

Sub-section c:

ADRF	6M
TOTAL	103M

Sub-section b informs the legislature that the purposes identified in sub-section a total \$97 million.

LFD Note: Sub-section b does not actually appropriate money (that is done elsewhere in the operating and capital bills).

Sub-section c appropriates the "unused" portion of the dividend to the Alaska Debt Retirement Fund. Based on a dividend of \$103 million and other appropriations totaling \$97 million, the transfer to the Debt

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Retirement Fund will be \$6 million.

Sub-section d appropriates certain FY02 receipts of the AHFC to the corporation and allocates those receipts to the AHFC revolving loan fund, housing assistance loan fund, and senior housing revolving fund.

Sub-section e appropriates certain FY02 corporate receipts (presumably those appropriated to the Corporation in section d) to housing loan programs. These amounts establish lending limits for the year and are the same as approved for FY01. Sub-section e also appropriates \$27.5 million in federal receipts to the "Section 8" housing assistance program. The amount for this purpose was \$25 million in FY01.

Sec. 7. ALASKA PERMANENT FUND CORPORATION. (a) The amount authorized for transfer by the Alaska Permanent Fund Corporation under AS 37.13.145(b) is appropriated from the earnings reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and administrative and associated costs.

(b) After money is transferred to the dividend fund under (a) of this section, the amount calculated under AS 37.13.145 to offset the effect of inflation on the principal of the Alaska permanent fund is appropriated from the earnings reserve account (AS 37.13.145) to the principal of the Alaska permanent fund.

(c) The amount required to be deposited under AS 37.13.010(a)(1) and (2) during fiscal year 2002 is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

(d) The interest earned during fiscal year 2002 on revenue from the sources set out in AS 37.13.010 while the revenue is held in trust, escrow, or otherwise before receipt by the state is appropriated to the principal of the Alaska permanent fund.

Permanent Fund Dividends and inflation proofing deposits to the principal of the fund are "off budget;" the appropriation amounts do not appear in the bill, Legislative Finance reports, or the fiscal summary.

Sub-section a appropriates funds from the earnings reserve account to the dividend fund for payment of dividends and administrative costs. (Expenditure estimate breakout to the right.)

Sub-section b is the "inflation proofing" provision. This sub-section appropriates money from the reserve account to the principal of the Alaska Permanent Fund.

Sub-section c appropriates 25% or 50% of mineral lease rentals, royalties, royalty sales, etc., to the principal of the Alaska Permanent Fund as required by constitution and statute.

Sub-section d appropriates FY02 earnings attributable to revenue held in trust or escrow to the principal of the Alaska Permanent Fund. This sub-section refers to the *Amerada Hess* settlement.

Sub-section a:	
Perm Fund Dividend Fund	
Corrections	3,281.3
H&SS	16,147.3
Public Safety	5,375.5
PFD Division	<u>4,989.2</u>
Sub-TOTAL	29,793.3

PFD Corporate Receipts	
Law – Oil & Gas	1,477.0
DNR – Oil & Gas	1,070.2
PF Corporation	<u>55,525.9</u>
Sub-TOTAL	58,073.1

Sub-section a:	
Oct 2002 Dividends	1,203M

Sub-section b:	
Inflation Proofing	<u>691M</u>
TOTAL	1,952.0M

Sec. 8. ALASKA SCIENCE AND TECHNOLOGY FOUNDATION. The unexpended and unobligated balance in the Alaska science and technology endowment earnings reserve on June

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30, 2001, is appropriated to the Alaska Science and Technology Foundation to award as grants under AS 37.17.030(d) for the fiscal year ending June 30, 2002.

Under AS 37.17.030(b), the ASTF may accumulate income, but it cannot spend it without appropriation. This provision appropriates prior year income for FY02 grants. FY02 income of the ASTF is appropriated in Section 1 of this Act.

ASTF Rcpt 1,000.0

8,992.1 ASTF Rcpt is appropriated in section 1

The provision reduces legislative oversight of the Foundation by allowing receipts in excess of those appropriated in section 1 to be spent without legislative review.

Alternative - The legislature may wish to:

- 1) Substitute a provision adding ASTF receipts to the list of funds (in section 13) that may be spent subject to review by the Legislative Budget and Audit Committee; or
- 2) Add ASTF to section 9, which allows selected programs to carry forward unspent FY01 receipts into FY02, but limits total expenditures to the amount appropriated in section 1.

LFD Note: *Although both the ASTF and Permanent Fund inflation-proof the principal of their funds, this (and prior year) language does not appropriate earnings to the principal of the ASTF for inflation-proofing, as required by law.*

Recommendation: The legislature may wish to include language that appropriates for FY02 and prior year earnings to the principal of the Endowment to inflation-proof the fund.

Sec. 9. APPROPRIATION OF PRIOR YEAR PROGRAM RECEIPTS. The unexpended and unobligated balance on June 30, 2001, of receipts of each of the following programs is included in the appropriations made to those programs in sec. 1 of this Act for the fiscal year ending June 30, 2002, so that the receipts will remain for use by those specific programs:

- (1) occupational licensing fees under AS 08.01.065(a), (c), and (f);
- (2) Alaska police training fund receipts under AS 12.25.195(c), AS 12.55.039, AS 28.05.151, and AS 29.25.074 and receipts under AS 18.65.220(7);
- (3) teacher certification fees under AS 14.20.020(c);
- (4) commercial fisheries test fishing operations receipts under AS 16.05.050(a)(15);
- (5) receipts from the salmon marketing tax (AS 43.76.110), from the seafood marketing assessment (AS 16.51.120), and other receipts of the Alaska Seafood Marketing Institute;
- (6) Alaska Safety Advisory Council receipts under AS 18.60.840;
- (7) Alaska Oil and Gas Conservation Commission receipts account for regulatory cost charges under AS 31.05.093 and permit fees under AS 31.05.090;
- (8) Regulatory Commission of Alaska receipts account for regulatory cost charges under AS 42.05.254 and AS 42.06.286;
- (9) designated program receipts and general fund program receipts of the Department of Law, fair business practices section;
- (10) insurance license fees and service fees of the Department of Community and Economic Development, division of insurance;
- (11) timber sale receipts of the Department of Natural Resources under AS 38.05.

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This provision attempts to appropriate FY01 year-end balances to their respective programs for expenditure during FY02. Note that all carryforward is included in the amounts appropriated in section 1, thus limiting total expenditures of each program.

For each program, Legislative Finance provides an estimate of \$1.0 (for discussion only) in the transaction detail of the LFD Governor's detail books.

LFD Note: *Because the language encompasses all programs affected by this provision, Legal Services is concerned that the language is not specific enough for legal appropriations.*

Recommendation: Placing carryforward language in section 1 of the bill (directly following the affected appropriation/allocation) would have the intended effect and would provide a clearer picture of the use of prior year receipts and the spending authorization limitations.

Carryforward language began at the recommendation of Legislative Audit for the Division of Occupational Licensing. Statute requires that program receipts collected from licensees be used for licensing operations and board costs. For some programs listed, carryforward can be defended on the grounds that receipts are collected for a specific purpose. Only a few of the listed programs have statutes indicating receipt and expenditure restrictions.

Recommendation: The appropriateness of each program's carryforward authorization should be reviewed on an individual basis.

Recommendation: The legislature may wish to consider adding the Alaska Aerospace Development Corporation to this list.

1. Occupational Licensing Fees

Rcpt Supt Svc 0.0

Beginning in FY97, the Division of Occupational Licensing was allowed to carry forward license fee collections at the recommendation of Legislative Audit. Statute also requires that the occupational licensing function be self-sufficient. Occupational licensing operates on a two-year licensing cycle, which would cause occupational licensing to lapse collections in one year and require direct general fund appropriations in the following year, thus creating an apparent conflict with statute.

Beginning in FY98, the legislature allowed the division to spend carryforward with no limitation. Under this open-ended appropriation, the Division of Occupational Licensing budget grew from \$4,512.0 in FY96 (no carryforward) to \$5,834.2 in FY99.

Appropriation language for FY00 included a "not to exceed" provision that limited the amount of total expenditures for the division to \$5,053.2; the amount of the Governor's request (before carryforward) for FY00. During the 2000 session, the Division of Occupational Licensing requested a supplemental appropriation to expend more of the general fund program receipts. To accommodate their request, the legislature increased the "not to exceed" limit by \$409.5 for FY00 and FY01 combined. This was intended to give the division approximately 18 months to adjust their operations to the reduced appropriation levels.

The Governor's request in Section 1 of this act is \$6,863.1, with a fund source change to Receipt Support Services funds.

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2. Alaska Police Training Fund Receipts Rcpt Supt Svcs 0.0

This is the first year a carryforward provision has been requested for Alaska police training receipts. Historically, the department has over-collected GF/PR and the balance has lapsed into the general fund. This provision is requested so that the funds collected will not lapse and will be spent on police training operations. Receipts collected have steadily increased during the past few years.

The department anticipates no carryforward from FY01 to FY02 because FY01 authorization was increased by \$236.0. A fund source change is also requested to classify the GF/PR as Receipt Supported Services Funds.

***LFD Note:** None of the statutory references identify receipts of the Alaska Police Standards Council. Assistance from legal services should be requested to redraft this section.*

3. Teacher Certification Fees GF/Prog Rcpts 0.0

Teacher Certification fee carryforward appropriations began in FY99. AS 14.20.020(c) requires teacher certification fee collections to match expenditures for teacher certification activities. Fee levels are established so that collections approximate regulatory costs for certifying and disciplining teachers in the state. Prior year carryforward amounts have averaged \$300.0 per year.

A fee reduction could reduce the estimated carryforward significantly.

4. Commercial Fisheries Test Fishing Operations Receipts Test Fish Rcpts 9.0

Test Fisheries Receipts appropriated as carryforward from FY99 to FY00 and from FY00 to FY01 included restrictions. Receipts were from the harvest and sale of crab and could be spent only 'by the shellfish onboard observer program'. This provision allows test fishery receipts to be carried forward and spent for any commercial fisheries test fish operation.

5. Salmon Marketing Tax, Seafood Assessment, and Other Receipts Tax Rcpts 700.0
GF/Prog Rcpts 0.0

The salmon marketing tax and the seafood marketing assessment are collected from fishermen and processors for the marketing of Alaska seafood. These tax collections have been traditionally appropriated to the Alaska Seafood Marketing Institute (ASMI).

Other receipts (such as proceeds from the sale of salmon recipes and other marketing tools) collected by the ASMI are included in the Governor's FY02 request for carryforward authorization.

6. Alaska Safety Advisory Council Receipts GF/Prog Rcpts 0.0

The Department of Labor & Workforce Development holds an annual safety conference. Revenue from the conference is used to pay the up-front costs of the conference held the following fiscal year. This language allows the Alaska Safety Advisory Council to carry forward revenues from the Governor's FY01 safety conference into FY02.

7. Alaska Oil and Gas Conservation Commission receipts AOGCC Rcpts 0.0

Fees are designed to recover the operating costs of the Commission. This provision allows any over-collections during FY01 to be carried forward into FY02.

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8. Regulatory Commission of Alaska Receipts RCA Rcpts 0.0

The Regulatory Commission of Alaska (formerly the Alaska Public Utilities Commission) has traditionally been authorized to carry forward prior year receipts without expenditure restrictions. Restrictions on the amount of carryforward authorized have not been a concern because regulatory charges are scrutinized annually by public process. This provision restricts the expenditure authority of the RCA to the amount identified in Section 1 of this bill. Section 1 requests expenditure authority of \$5,944.2; \$729.4 above the FY01 Management Plan level.

9. Statutory Designated Program Receipts and GF Program Receipts of the Dept of Law, Fair Business Practices Section SDPR 0.0
GF/Prog Rcpts 0.0

Carryforward of these receipts has not been requested or authorized in prior appropriations bills. There does not appear to be statutory intent for carryforward in this program.

10. Insurance License and Service Fees Rcpt Supt Svc 0.0

Language allowing the Insurance Operations Component to carry forward FY00 receipts was included in the numbers section last year. Approximately \$3,000.0 of the division's budget is carried forward from year to year due to timing of receipts late in the fiscal year.

The Governor's request in Section 1 of this act is \$4,610.5, with a fund source change to Receipt Support Services funds.

11. Timber Sale Receipts Timber Sales 0.0

In FY00 timber sale receipts generated for both FY00 and FY01 were appropriated to the Department of Natural Resources in an amount not to exceed \$250.0. The \$250.0 was in addition to the amount appropriated in the numbers section of that bill. The appropriation was valid for two fiscal years because the timing of the sales were not precisely known.

No carryforward was requested or appropriated for FY01 for timber sale receipts because the FY00 language covered both fiscal years.

12. Alaska Aerospace Development Corporation Receipts (potential addition) GF/Prog Rcpts 0.0

There is no language in the Governor's bill to ensure that unspent corporation receipts received during FY01 remain within the corporation.

Recommendation: The legislature may wish to consider adding carryforward language that applies to the AADC. (See section 4.)

Sec. 10. CHILD SUPPORT ENFORCEMENT. The minimum amount of program receipts received during the fiscal year ending June 30, 2002, by the child support enforcement division that is required to secure the federal funding appropriated for the child support enforcement program in sec. 1 of this Act is appropriated to the Department of Revenue, child support enforcement division, for the fiscal year ending June 30, 2002.

This provision permits an unspecified amount of General Fund Program Receipts collected by the CSED to be spent in order to capture the Federal Receipts appropriated in section 1. The agency GF/Prog Rcpts 0.0

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typically collects more in receipts than it is authorized to spend.

Federal incentive payments (which can be used to match other federal receipts) have declined as welfare roles decline. Continued reductions in incentive payments would trigger this provision. The agency projects that the provision will not be triggered, but requests that it remain to eliminate the potential need for a supplemental. CSED also notes that every dollar spent under the provision would bring in two dollars in federal receipts.

Alternative: Delete the provision and have the agency request a supplemental appropriation, if necessary.

Sec. 11. CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2001 that were made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which they were transferred.

(b) If the unrestricted state revenue available for appropriation in fiscal year 2002 is insufficient to cover the general fund appropriations made for fiscal year 2002, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(c) The sum of \$125,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for the fiscal year ending June 30, 2002, for investment management fees for the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(d) The appropriations in (a) - (c) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Sub-section a is "sweep reversal language." The Constitution requires that year-end general fund balances be used to repay withdrawals from the CBR. All general fund subaccounts are "swept" into the CBR; this provision reverses that action. Note that the provision does not reverse the sweep from the operating general fund.

Sub-section b allows the state to cover any shortfall in unrestricted revenues with transfers from the CBR to the general fund. The subsection is used to draw CBR funds for short-term cash flow needs as well as to balance year-end revenue and expenditures.

Sub-section c appropriates \$125,000 from the budget reserve fund to the Department of Revenue, Treasury Division, for investment management fees for FY02.

LFD Note: Section 1 also appropriates \$125,000 to the Department of Revenue, Treasury Division for CBR management fees. The appropriation for management fees would total \$250,000 if the appropriation in section 1 remains in the bill.

Recommendation: Legislative Finance recommends deletion of the appropriation for CBR management fees in the Department of Revenue, Treasury Division in section 1.

Sub-section d stipulates that appropriations made by (a-c) must be

This example of cash flow management of the general fund using the CBR is based on FY00 reported in the CAFR.

Sub-section a
GF repayment to CBR
estimate 111 M

Sub-section b
Transfers from CBR to GF if there is not substantial GF cash available to meet state obligations
estimate 500 M
(Deficit)/Surplus (296 M)

Sub-section c
Appropriation to Treasury for investment costs

Sub-section d
Three-quarters vote required

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approved by at least three-quarters of the members of each house of the legislature.

to approve expenditures from the CBR

Sec. 12. DISASTER RELIEF AND FIRE SUPPRESSION. (a) Federal receipts received for disaster relief are appropriated to the disaster relief fund (AS 26.23.300).

(b) Federal receipts received for fire suppression are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2002.

Sub-section a is standard language appropriating federal receipts for disaster relief to the Disaster Relief Fund.

Sub-section a
Fed Rcpts 9,000.0

Sub-section b is new language that appropriates an unspecified amount of federal receipts received for fire suppression to the Department of Natural Resources. Fire suppression appropriations typically appear in the numbers sections of operating bills, and section 1 requests \$5.3 million federal authorization for fire suppression for FY02 (the same amount as for FY01).

Sub-section b
Fed Rcpts 2,000.0

General Funds are used for pay for fires occurring on state or privately owned land and Federal Receipts are used for fires on federally owned land. Past appropriations have limited the use of the funds to "in-state" fires; this language would authorize federal receipts to be expended on fires occurring on federal land outside Alaska

LFD Note: *The language does not limit the appropriation of federal receipts to receipts collected during FY02.*

Sec. 13. FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), and program receipts as defined in AS 37.05.146(b)(4) and (6) that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

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Sub-section a lists types of receipts that may be spent if the Legislative Budget and Audit Committee approves requests to do so.

LFD Note: *Prior year language limited LB&A committee review to federal receipts, designated program receipts and test fisheries receipts. The proposed language adds about 50 programs/fund sources to the list of fund sources eligible for LB&A committee review. Many of the new additions to AS 37.05.146(b)(4) use the "Receipt Supported Services" fund code.*

Sub-section b is standard language that permits state (general fund) authorization to be reduced if unanticipated money is received for projects funded by general funds.

LFD Note: *no process for reducing appropriations is specified and Legislative Finance is unaware of any application of section b.*

Sub-section c is standard language that reduces appropriations if federal and other receipts are less than the amount appropriated in the bill.

LFD Note: *Typically, unrealized receipts are restricted in the accounting system, but authorization is not actually reduced.*

Sec. 14. FEDERAL MEDICAL ASSISTANCE PERCENTAGE. If the estimated federal receipts for medical assistance appropriated in sec. 1 of this Act are below 59.8 percent for Medicaid services during the fiscal year ending June 30, 2002, the amount of the shortfall in federal receipts is appropriated from the general fund to the Department of Health and Social Services for Medicaid services.

This section provides an unspecified general fund appropriation to the Department of Health and Social Services if the federal funding share for Medicaid services is less than 59.8 percent.

General Funds 0.0

The federal participation rate will be 60.16% beginning October 2001 and has been approved by Congress for one federal fiscal year ending September 2002. July, August and September (prior to the FY02 federal fiscal year) are secured at the 59.8% federal participation rate.

The department included this language as protection against a federal participation rate drop to 57.38% - the standard federal participation rate as adjusted. This drop will occur only if Congress does not extend the one year negotiated rate to future years and will go into effect October 1, 2002.

Recommendation: Redrafting for clarification should be requested of legal services.

LFD Note: *The potential reduction of federal funding should not affect the State in FY02 because the overlap of state and federal fiscal years extends the 60.16% rate three months into state FY03.*

LFD Note: *The provision negates AS 47.07.035 Priority of Medical Assistance. "If the department finds that the cost of medical assistance*

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for all persons eligible under this chapter will exceed the amount allocated in the state budget for that assistance for the fiscal year, the department shall eliminate coverage for optional medical services and optionally eligible groups of individuals in the following order:" (32 listings of optional services follow in statute).

LFD Note: The language does not clearly define how the trigger will work or if the provision applies to administrative costs. If the provision is triggered when all Medicaid reimbursements combined are less than 59.8%, there is no likely impact because high reimbursement rates for some programs would tend to keep the total federal participation rate above 59.8%. If the trigger applies to each eligibility group or type of medical service separately, the provision could appropriate an unknown amount of general funds. Medicaid reimbursement rates range from 100% federal participation for Indian Health Services reimbursements to 50% federal participation for administrative costs.

Recommendation: Legal Services should redraft the section to clarify its impact.

Alternative: Delete the provision and have the agency request a supplemental appropriation, if necessary, or require the department to apply AS 47.07.035.

Sec. 15. FISH AND GAME ENFORCEMENT. (a) To increase enforcement of the fish and game laws of the state, the amount deposited in the general fund during the fiscal year ending June 30, 2001, from criminal fines, penalties, and forfeitures imposed for violation of AS 16 and its implementing regulations and from the sale of forfeited property or alternative damages collected under AS 16.05.195 is appropriated to the fish and game fund (AS 16.05.100).

(b) Appropriations totaling the estimated amount of the deposits described in (a) of this section and the remaining unappropriated balances from prior year transfers for these purposes are made in sec. 1 of this Act to the Department of Public Safety and the Department of Law for increased enforcement, investigation, and prosecution of state fish and game laws. If the receipts appropriated to the fish and game fund (AS 16.05.100) from the sources described in (a) of this section during fiscal year 2002 and the remaining unappropriated balances from prior year transfers for these purposes fall short of the estimates appropriated by this Act, each department's appropriation set out in sec. 1 of this Act is reduced proportionately.

Sub-section a is standard language specifying that criminal fines, penalties and forfeitures associated with fish and wildlife enforcement collected during FY 01 are appropriated to the Fish and Game Fund.

Public Safety	0.0
Law	0.0

Sub-section b is standard language specifying that appropriations of Fish and Game Funds to Public Safety and Law are to be reduced proportionately if collections are less than anticipated.

LFD Note: The last sentence of this provision implies that each department's total appropriation is reduced if F&G revenues are less than estimated. The intent is clearly to prorate only the appropriation of F&G funds if there is a shortage of those funds.

Recommendation: Legal Services should redraft the section to clarify its impact.

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Sec. 16. FISH AND GAME FUND. The following revenue is appropriated to the fish and game fund (AS 16.05.100):

(1) receipts from the sale of crewmember fishing licenses (AS 16.05.480(a)) during the fiscal year ending June 30, 2002, that are not deposited into the fishermen's fund under AS 23.35.060;

(2) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(16)) during the fiscal year ending June 30, 2002;

(3) fees collected during the fiscal year ending June 30, 2002, at boating and angling access sites described in AS 16.05.050(a)(7) and managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement; and

(4) receipts from the sale of Chitina dip net fishing permits (AS 16.05.340(a)(22)) during the fiscal year ending June 30, 2002.

This provision appropriates revenue generated by the named licenses and fees into the Fish and Game Fund.	GF/Prog Rcpts
Receipts from the sale of Chitina dip net fishing permits is a new source of revenue in FY02.	<p>Sub-section (1) crewmember fishing licenses 1,100.0</p>
<i>LFD Note: This provision describes revenue to the Fund, but does not appropriate money from the Fund. The money appropriated to the Fish and Game Fund is general funds program receipts.</i>	<p>Sub-section (2) range fees 140.0</p>
	<p>Sub-section (3) boating and angling access fees 325.0</p>
	<p>Sub-section (4) Chitina dip net fishing permits 200.0</p>

Sec. 17. INSURANCE AND BOND CLAIMS. (a) The amount necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) is appropriated from that account to the Department of Administration for those uses.

(b) The amounts to be received in settlement of claims against bonds guaranteeing the reclamation of state land are appropriated from the general fund to the agency secured by the bond for the purpose of reclaiming state land affected by a use covered by the bond.

Sub-section a references the statute that allows up to \$5 million to be swept from lapsing general fund appropriations for the catastrophe reserve account. It appropriates funds from the catastrophe reserve account to the Department of Administration to obtain insurance, establish reserves for the self-insurance program, and satisfy claims or judgments arising under the program.	General Funds 0.0
	General Funds 35.0

This sub-section re-emphasizes the state's authority to expend funds from the state insurance catastrophe reserve account described in AS 37.05.289(a). The language may not be necessary, but it does no harm.

LFD Note: The catastrophe reserve account sweeps lapsing general fund appropriations annually to maintain a balance not to exceed \$5

legislative fiscal analyst overview of the governor's FY02 request

million. If these funds were not available, two opportunities would remain for meeting catastrophic situations; 1) supplemental appropriation by the legislature; and 2) judgment legislation. Delays that could occur with a legislative remedies would create difficult financial situations in situations such as the recent Court Plaza Building oil spill, when occupants needed immediate relocation assistance.

Sub-section b is standard language that appropriates claims against bonds for land reclamation to the agencies that will direct the reclamation.

Recommendation: Legal Services suggests specifying the period to which (b) applies.

Sec. 18. LONGEVITY BONUS GRANT PROGRAM. If the amount appropriated in sec. 1 of this Act for the longevity bonus grant program (AS 47.45) is not sufficient to fully fund that program for the fiscal year ending June 30, 2002, the amount of the shortfall is appropriated from the general fund to the Department of Administration.

This language provides open-ended general fund authorization to make up a potential shortfalls in Longevity Bonus grants. Section 1 appropriates \$52.5 million for grants, including a \$1 million decrement based on the projected decrease in Longevity Bonus payments for FY02. General Funds 0.0

LFD Note: *This language would eliminate the need for a supplemental request if the section 1 appropriation falls short of program needs. Supplemental requests have been approved for the program in the past. If the funding is insufficient to meet the entire final month's payments, no payments can be made. There is no provision for "pro-rata" partial payments to participants.*

Alternative: Delete the provision and have the agency request a supplemental appropriation, if necessary.

Recommendation: Legal Services suggests that the purpose of the appropriation should be clarified if the language remains in the bill.

Sec. 19. MARINE HIGHWAY SYSTEM FUND. The sum of \$29,182,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

This section appropriates \$29,182,000 of General Funds to the Alaska Marine Highway System Fund for the operations costs of the AMHS. General Funds 29,182.0

This transfer amount includes an increment of \$2,252.5 from the FY01 authorized appropriation of \$26,929.5.

Sec. 20. MEDICAID SCHOOL BASED CLAIM. If the federal receipts for the School Based Services Administrative Claim under 42 U.S.C. 1396a (Sec. 1902(a)(4), Title XIX of the Social Security Act) for the fiscal year ending June 30, 2002, fall short of the estimate appropriated in sec. 1 of this Act, the amount of the shortfall is appropriated from the general fund to the Department of Health and Social Services for Medicaid services.

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Section 1 of the bill appropriates \$2,371.9 for direct charges by school districts for medical care of Medicaid eligible (K-12) students. This provision appropriates an unspecified amount of General Funds if Medicaid reimbursement is less than estimated. General Funds 0.0

The Department of Health and Social Services allocates these Medicaid reimbursements to the Human Services Matching Grants, Maternal and Child Health, and Administrative Services Grants Administration programs. These programs would be short funded if the anticipated receipts were not received and if this provision were not approved.

LFD Note: In FY99, General Funds were leveraged to cover a shortfall of \$261.1. FY00 did not require use of general funds. It is not yet known if FY01 will require general funds to fully fund this program. The estimated FY02 appropriation under this section is zero.

Sec. 21. MOTOR FUEL TAX. The following estimated amounts from the unreserved special accounts in the general fund are included within the general fund amounts appropriated by this Act:

Special highway fuel tax account (AS 43.40.010(g))	\$25,500,000
Special aviation fuel tax account (AS 43.40.010(e))	\$5,800,000

This section does not appropriate funds, it simply identifies estimated amounts from unreserved special accounts within the General Fund collected for highway and aviation fuel taxes. These estimates are identified because federal highway and aviation funding is dependant on the amount of specific state receipts collected for related purposes.

The language may not be necessary, but it does no harm.

Sec. 22. OIL AND HAZARDOUS SUBSTANCE RELEASE PREVENTION ACCOUNT. The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on July 1, 2001, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2001, estimated to be \$9,400,000, from the surcharge levied under AS 43.55.300.

This is standard language appropriating (to the Oil and Hazardous Substance Release <i>Prevention</i> Account) the balance of the Release Prevention <i>Mitigation</i> Account and the FY00 collections from the 3 cent per barrel surcharge on oil produced in the state.	FY01 Estimate GF/Prog Rcpts 4,700.0 GF/Prog Rcpts 9,400.0
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Sec. 23. OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE ACCOUNT. The following amounts are appropriated to the oil and hazardous substance release response account

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(AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on July 1, 2001, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2001, from the surcharge levied under AS 43.55.201.

This is standard language appropriating (to the Oil and Hazardous Substance Release <i>Response</i> Account) the balance of the Release Response <i>Mitigation</i> Account and the FY00 collections from the 2 cent per barrel surcharge on oil produced in the state. Standard language	<table border="0"> <tr> <td colspan="2" style="text-align: right;">FY01 Estimate</td> </tr> <tr> <td style="text-align: right;">GF/Prog Rcpts</td> <td style="text-align: right;">300.0</td> </tr> <tr> <td style="text-align: right;">GF/Prog Rcpts</td> <td style="text-align: right;">0.0</td> </tr> </table>	FY01 Estimate		GF/Prog Rcpts	300.0	GF/Prog Rcpts	0.0
FY01 Estimate							
GF/Prog Rcpts	300.0						
GF/Prog Rcpts	0.0						

Sec. 24. RETAINED FEES. The amount retained to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2002, is appropriated for that purpose to the agency authorized by law to generate the revenue.

This language addresses the need to appropriate vendor compensation that is not directly appropriated by the state for vendors that collect fees on behalf of the state. The provision originally addressed Fish and Game fishing, hunting and trapping license sales in which the vendor retained a portion of the sale. It also applies to several programs in the Department of Administration, Department of Natural Resources and the Trial Courts.	<table border="0"> <tr> <td style="text-align: right;">General Funds</td> <td style="text-align: right;">588.5</td> </tr> <tr> <td style="text-align: right;">Rcpt Supt Svc</td> <td style="text-align: right;">56.3</td> </tr> <tr> <td style="text-align: right;">Fish & Game</td> <td style="text-align: right;"><u>1,250.0</u></td> </tr> <tr> <td style="text-align: right;">Statewide Total</td> <td style="text-align: right;">1,894.8</td> </tr> </table>	General Funds	588.5	Rcpt Supt Svc	56.3	Fish & Game	<u>1,250.0</u>	Statewide Total	1,894.8
General Funds	588.5								
Rcpt Supt Svc	56.3								
Fish & Game	<u>1,250.0</u>								
Statewide Total	1,894.8								

***LFD Note:** OMB now reports the amount of retained fees in their fiscal summary, but the estimated amounts were omitted from earlier analyses of the FY01 operating bill. Agencies could be directed to include these fees in their annual budget requests. Alternately, the fees could be "off budget", or not counted, on the grounds that the state has no effective control over the money. Salmon taxes (section 25) and shared taxes (section 26) are currently excluded from total state expenditures. The treatment of retained fees will be determined by direction from the Finance committees.*

Recommendation: Legal services should be contacted to provide clarification on retained fees for bankcard services. Retained fees for bankcard services may not be covered by this provision.

Sec. 25. SALMON ENHANCEMENT TAX. The salmon enhancement tax collected under AS 43.76.010 - 43.76.028 in calendar year 2000 and deposited in the general fund under AS 43.76.025(c) is appropriated from the general fund to the Department of Community and Economic Development for payment in fiscal year 2002 to qualified regional associations operating within a region designated under AS 16.10.375.

This is standard language that appropriates salmon enhancement tax receipts (general funds) to the Department of Community and Economic Development for payment in FY02 to qualified aquaculture associations.	<table border="0"> <tr> <td style="text-align: right;">General Funds</td> <td style="text-align: right;">5,302.2</td> </tr> </table>	General Funds	5,302.2
General Funds	5,302.2		

The amount is "off budget" and is excluded from Legislative Finance reports on the operating bill.

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Sec. 26. SHARED TAXES AND FEES. The amount necessary to refund to local governments their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated to the Department of Revenue from the general fund for payment in fiscal year 2002:

REVENUE SOURCE	FISCAL YEAR COLLECTED
fisheries taxes (AS 43.75)	2001
fishery resource landing tax (AS 43.77)	2001
aviation fuel tax (AS 43.40.010)	2002
electric and telephone cooperative tax (AS 10.25.570)	2002
liquor license fee (AS 04.11)	2002

This is standard language that appropriates general funds to the Department of Revenue in order to refund local governments their share of taxes and fees collected for payment in FY02.

Percent of taxes shared with cities and boroughs:
 Fisheries Tax..... 50%
 Fishery Resource
 Landing Tax 50%
 Aviation Fuel Tax 60%
 Electric and Telephone
 Cooperative Tax..... 100%
 Liquor License Fee... 100%

The amounts are "off budget" in that they are excluded from Legislative Finance reports on the operating bill.

Sec. 27. SOCIAL SERVICES BLOCK GRANT. If the federal social services block grant receipts under 42 U.S.C. 1397-1397f (Title XX of the Social Security Act) fall short of the estimate appropriated in sec. 1 of this Act, the amount of the shortfall, not to exceed \$3,879,000, is appropriated from the general fund to the Department of Health and Social Services for the fiscal year ending June 30, 2002.

This appropriation is contingent upon federal funding for the Social Services Block Grant being less than the amount appropriated for this purpose in section 1.

General Funds 3,879.0

The Social Services Block Grant (SSBG) has remained fairly steady for the past few years and has been supplemented with excess TANF funding that is not spent on cash assistance. The Social Services Block Grant is appropriated in the Front Line Social Workers (FY01 Auth \$4,328.6) and DFYS Management (FY01 Auth \$145.9).

The department has experienced a continual decline in federal funding of this block grant and is anticipating approximately \$500.0 less in FY02 for Front Line Social Workers.

The department has projected the lowest possible amount of available TANF funding to be transferred to the SSBG for FY02.

LFD Note: *If the department transferred a greater amount of available TANF funding to the SSBG, rather than funding other programs, this provision could be unnecessary. The department could use this provision to spend general funds and use TANF for other purposes.*

LFD Note: *The agency is requesting a fund change from Title XX funds to "general" Federal Receipts. This will make it more difficult to differentiate the amount of the SSBG from other federal funding in the department.*

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LFD Note: This provision could appropriate \$3,879.0 General Funds if the SSBG funding were to end. Legislative Finance has no reason to believe that the block grant will be eliminated for FY02.

LFD Note: This provision appropriates an undetermined amount of general funds to the department but does not specify the purpose within the department.

Alternative: Delete the provision and have the agency request a supplemental appropriation, if necessary.

Sec. 28. STATE DEBT AND OTHER OBLIGATIONS. (a) The amount required to pay interest on any revenue anticipation notes issued by the commissioner of revenue under AS 43.08 is appropriated from the general fund to the Department of Revenue for payment of the interest on those notes.

(b) The amount required to be paid by the state for principal and interest on all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the state bond committee for payment of principal and interest on those bonds.

(c) The sum of \$34,401,400 is appropriated from the general fund to the Alaska debt retirement fund (AS 37.15.011).

(d) The sum of \$12,430,000 is appropriated from the Alaska debt retirement fund (AS 37.15.011) to the state bond committee for trustee fees and lease payments relating to certificates of participation issued for real property.

(e) The sum of \$16,750,008 is appropriated to the state bond committee for payment of debt service and trustee fees on outstanding international airports revenue bonds from the following sources:

International Airports Revenue Fund (AS 37.15.430)	\$14,549,383
Statutory designated program receipts	2,200,625

(f) The sum of \$57,020,500 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

Alaska debt retirement fund (AS 37.15.011)	\$27,971,400
School fund (AS 43.50.140)	29,049,100

(g) The sum of \$3,555,700 is appropriated from the general fund to the Department of Administration for payment of obligations to the Municipality of Anchorage for the Anchorage Jail.

(h) The sum of \$3,535,200 is appropriated from the general fund to the Department of Administration for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building in Anchorage.

(i) The sum of \$1,680,000 is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560.

(j) The sum of \$850,000 is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560.

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Sub-section a appropriates general funds to pay interest on any revenue anticipation notes that may be issued during the year. No notes are expected to be issued.

Sub-section b appropriates general funds to pay principal and interest on state-guaranteed bonds. The only purpose approved for state-guaranteed bonds is to purchase mortgage loans made for residences of qualified veterans. Because the bonds are general obligations of the State, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee.

Sub-section c capitalizes the Alaska Debt Retirement Fund with an appropriation from the general fund. Every year this fund is capitalized based on fund balance and projected debt service requirements for the upcoming fiscal year. (\$34,401.4)

Sub-section d appropriates funds from the debt retirement fund to the state bond committee for payment of trustee fees and lease payments related to state-issued certificates of participation. Certificates of participation (COPs) are sold by the state to finance construction or purchase of state facilities. COPs represent fractional interest in the ownership of the lease payments that are paid over time by the state. Eventually, the state owns the facility outright. (\$12,430.0)

Sub-section e appropriates funds to the state bond committee for payment of debt service and fees on outstanding international airport revenue bonds. These are revenue bonds issued by the Anchorage and Fairbanks airports. (\$16,750.0)

Sub-section f appropriates funds for municipal school debt reimbursement. AS 14.11.100 authorizes the State to reimburse municipalities for selected bonds issued for school construction (70% of principal and interest in the latest authorization) within specific time periods totaling specific amounts. (\$57,020.5)

Sub-section g appropriates general funds to pay lease costs for the Anchorage jail. Anchorage issued municipal bonds to pay for the construction of the Anchorage Jail, which the State leases. (\$3,555.7)

LFD Note: *This appropriation does not appear to be debt service; the State is simply leasing the facility and will not own it at the end of the lease. The appropriation should be moved elsewhere in the operating budget.*

Sub-section h appropriates general funds for obligations associated with the Atwood building. AHFC purchased the Robert B. Atwood building for approximately \$39 million in cash and then issued revenue bonds secured by the building itself and the lease payments from the State. The State will own the building at the end of the lease. (\$3,535.2)

Sub-sections i and j appropriate the interest earnings of the named funds to their respective bond redemption funds. In FY01, both programs issued bonds and used the proceeds to pay the required match for federal grants. (i. \$1,680.0 and j. \$850.0)

Recommendation: Sections b, d and e appropriate money to the State Bond Committee. The Committee does not pay debt service and

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the language should be redrafted to appropriate money to the respective bond redemption funds.

Sec. 29. STATUTORY BUDGET RESERVE FUND. If the unrestricted state revenue available for appropriation in fiscal year 2002 is insufficient to cover the general fund appropriations made for fiscal year 2002, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the budget reserve fund (AS 37.05.540).

Standard language that draws money from the Statutory Budget Reserve Fund unrestricted revenues are less than required for FY02 appropriations.

LFD Note: *the account is empty so the provision has no impact. The provision does no harm and may be useful if money were appropriated to the SBR.*

Sec. 30. STORAGE TANK ASSISTANCE FUND. The sum of \$1,889,155 is appropriated from the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) to the storage tank assistance fund (AS 46.03.410) for the fiscal year ending June 30, 2002.

This provision transfers money from the Oil and Hazardous Substance Release Prevention Account to the Storage Tank Assistance Fund. Because the appropriation is a transfer from one fund to another, there is no impact on state expenditures. OHSRPA 1,889.2

The FY98 operating bill included language that capitalized the Storage Tank Assistance Fund with General Fund Program Receipts received for tank registration fees collected on underground petroleum tanks or tank systems. Since then, registration fees have not been appropriated to the fund.

LFD Note: *The department reported that storage tank registration fees have been collected and deposited into the Storage Tank Assistance Fund. All expenditures from the fund are characterized as storage tank assistance funds. GF/PR (registration fees) may have been spent without an appropriation.*

Recommendation: If the legislature wishes to continue the practice of GF/PR deposits to and expenditures from the fund, it should retroactively appropriate FY99 through FY02 storage tank registration and related fees into the Storage Tank Assistance Fund.

Sec. 31. STUDENT LOAN PROGRAM. The amount from student loan borrowers of the Alaska Commission on Postsecondary Education that is assessed for loan origination fees for the fiscal year ending June 30, 2002, is appropriated to the origination fee account (AS 14.43.120(u)) within the student loan fund of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u).

This provision appropriates origination fees charged on student loans to the origination fee account within the student loan fund. The fees are intended to offset loan losses due to death, disability, bankruptcy and default. ACPE Rcpts 1,800.0

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Because the appropriation earmarks money within a fund, there is no impact on state expenditures.

The fee is set by regulation. On December 18, 2000, regulations reduced the origination fee from 5% to 3%. The estimated loan volume for FY02 is \$60 million. With a 3% origination fee, this section transfers approximately \$1.8 million.

Sec. 32. UNIVERSITY OF ALASKA SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made to the University of Alaska in sec. 1 of this Act include amounts to implement the monetary terms of the collective bargaining agreements listed in (b) of this section and for salary and benefit adjustments for university employees who are not members of a collective bargaining unit.

(b) Funding for the following collective bargaining agreements is included in the appropriations made to the University of Alaska in sec. 1 of this Act:

(1) Alaska Higher Education Crafts and Trades Employees, representing certain employees of the University of Alaska;

(2) Alaska Community College Federation of Teachers, representing certain employees of the University of Alaska;

(3) United Academics, representing certain employees of the University of Alaska;

(4) United Academics-Adjuncts, representing certain employees of the University of Alaska.

This section is not an appropriation; it specifies that money for paying labor costs is included in section 1 of this bill.

General Funds	5,010.2
Federal/Other	1,753.5

LFD Note: *Although this is not an appropriation, the University maintains that this section is necessary. The language may not be necessary, but it does no harm.*

Sec. 33. NONLAPSE OF APPROPRIATIONS. The appropriations made by secs. 5, 6(c), 7, 12(a), 15(a), 16, 19, 22, 23, 28(c), 28(i), 28(j), 30, and 31 of this Act are for the capitalization of funds and do not lapse.

Sections

5	Alaska Children's Trust
6c	AHFC
7	Permanent Fund Corporation
12a	Disaster Relief Fund
15a	Fish and Game Enforcement
16	Fish and Game Fund
19	Marine Highway System Fund
22	Oil and Hazardous Substance Release – Prevention Account
23	Oil and Hazardous Substance Release – Response Account
28c	Alaska Debt Retirement Fund
28i	Alaska Clean Water Fund Revenue Bond Redemption
28j	Alaska Drinking Water Fund Revenue Bond Redemption
30	Storage Tank Assistance Fund
31	Student Loan Origination Fee Account

LFD Note: *Sub-section 7(a) does not capitalize a fund, it appropriates*

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money for Permanent Fund dividends. Subsections 7(b), (c) and (d) are appropriately listed in this section.

Sec. 34. This Act takes effect July 1, 2001.

LFD Note: Several sections included in prior year operating language do not appear in the Governor's request for FY02. Most are no longer required but the following section is a questionable exclusion:

Sec. # State Training and Employment Program. The lapsing balance of the employment assistance and training program account (AS 23.15.625) on June 30, 2001, is appropriated to the employment assistance and training program account for fiscal year ending June 30, 2002.

LFD Note: Although recent practice of the legislature is to appropriate the lapsing STEP balance into the STEP fund, statute states that the legislature may appropriate the lapsing balance of the STEP account to the unemployment compensation fund. Funds are diverted from the Unemployment Compensation fund to create the STEP fund.

STEP	0.0
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Recommendation: The legislature should appropriate the balance of the STEP fund to the account of its choice.

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Capital Budget

The Governor's FY02 spending plan for capital projects is \$1,204.4 million,⁴ including \$6.98 million of projects contained in the mental health bill.

Compared with the capital budget authorized in FY01, the Governor's FY02 request is down \$19.8 million in federal receipts, and up \$29.7 million in general purpose spending. Other funds have decreased \$41.4 million.

The corporate dividend from AIDEA is \$17.5 million, one million dollars less than FY01. Once again, the proposed use of the dividend is to capitalize the municipal and unincorporated community capital matching grant funds at \$15.0 million. The remaining \$2.5 million is allocated to the Power Cost and Rural Electric Capitalization Fund. In addition, the Governor moves \$620,000 from the Rural Development Initiative Fund and couples it with \$4,680,000 from the general fund to bring the total capitalization of the Power Cost and Rural Electric Fund to \$7,800,000. This money will be combined with income from the Power Cost Equalization (PCE) endowment (created last year) to make PCE payments during FY02.

The corporate dividend from AHFC is \$103 million, the same amount as the FY01 dividend. After deducting internal debt service costs, the remaining dividend is \$58 million dollars.⁵ The Governor again proposes using \$52 million for capital projects, while the remainder would go to the Alaska Debt Retirement Fund. Of the \$52 million requested for capital projects, \$21 million would fund various AHFC capital projects, while the remainder would fund Pioneers' homes repairs, the residential child care assessment and grant program, various Village Safe Water feasibility studies and projects, and various municipal water and sewer matching grant projects.

A new fund code (1163-Lease Bond) has been proposed by the Governor. This fund code is intended to act as a placeholder for the Department of Environmental Conservation to participate in lease financing for construction of a new seafood and food safety laboratory. A separate bill addressing this project will be introduced by the Governor. The need for this fund code should be determined during discussion of that bill.

The Department of Transportation & Public Facilities (DOT&PF) is requesting \$4 million of Statutory Designated Program Receipt (SDPR) authority for various Fairbanks International Airport capital projects. Legislative Finance believes these receipts are incorrectly classified. The origination of the funding stems from passenger facility charges (PFCs) imposed on non-rural travelers. These charges are authorized for collection by the Federal Aviation Administration (FAA) to be used only for the specific projects approved by the FAA. DOT&PF collects the charges via contractual agreements with the airlines. The money then awaits appropriation from the legislature for the specific projects authorized by the FAA. Separate accounting of PFC funding is required by the FAA, however, classification of these funds as SDPR does not appear accurate. A better classification would be International Airport Revenue Funds which would not preclude separate accounting.

Total general fund capital spending proposed by the Governor amounts to \$100.9 million. \$52 million of this is earmarked as the state's match to federal receipts. Other substantial GF projects include the following:

\$1,354,400 GF - DOA emergency communications, Land Mobile Radio Migration

\$4,680,000 GF - DCED Power Cost Equalization and Rural Electric Capitalization Fund

\$1,000,000 GF - DOC facility maintenance, repair, replacement and renovation

\$ 762,200 GF - DOC Criminal Justice Management Information System replacement

\$1,250,000 GF - DEED Mt. Edgecumbe High and AVTEC roof repair and replacement

\$ 600,000 GF - DF&G vessel and aircraft repair, maintenance and replacement

\$1,000,000 GF - H&SS deferred maintenance, replacement and equipment

\$3,276,600 GF - DNR North Slope natural gas pipeline development

⁴ Excludes fund capitalizations included in the language section (Sections 4, 5, 7, 13)

⁵ See "Debt Service" in this document.

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\$1,200,000 GF – DPS aircraft and vessel repair and maintenance

\$2,725,500 GF – DPS Alaska Public Safety Information Network redesign

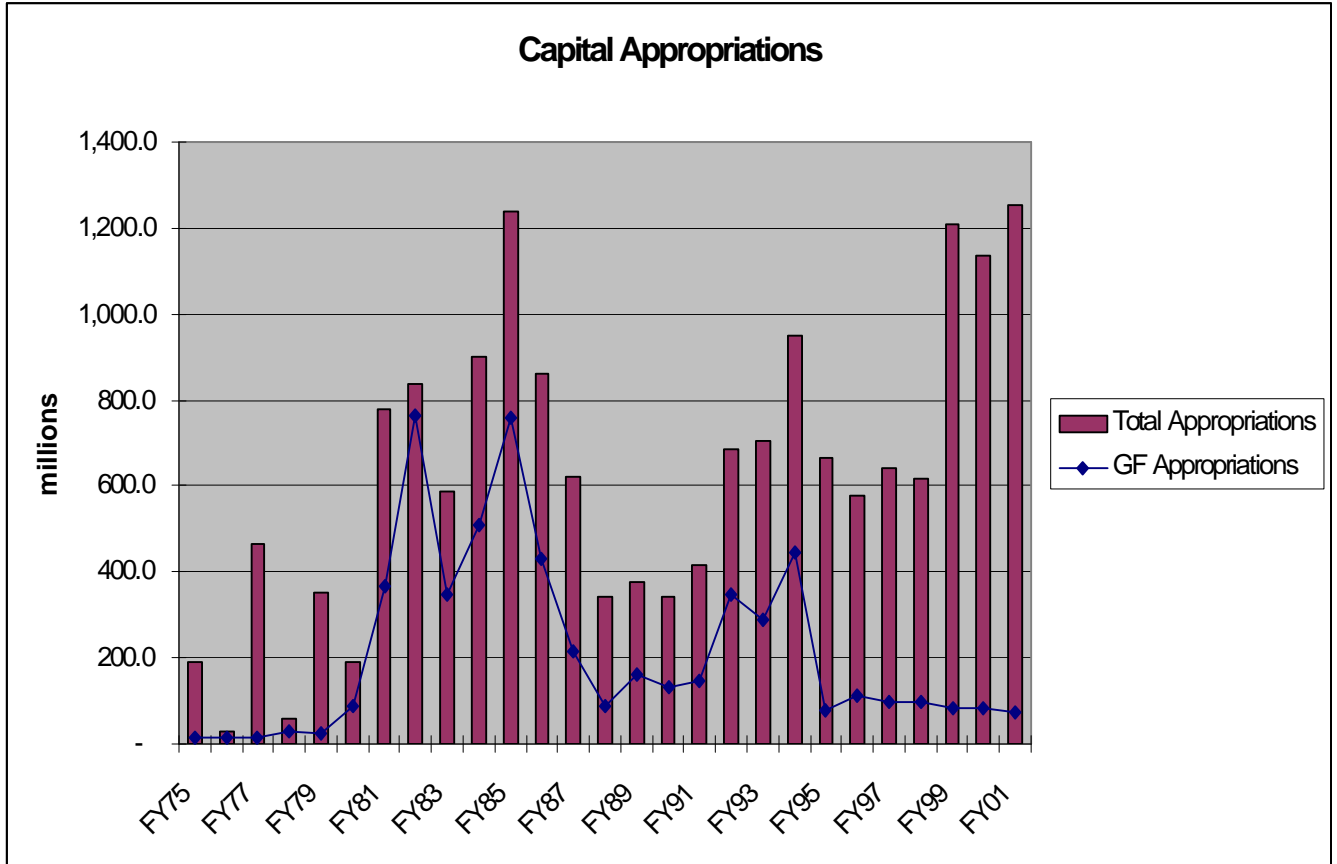
\$4,800,000 GF – DOT AMHS overhaul, rehabilitation and mandatory training

\$6,000,000 GF – DOT facilities, harbors, airport and highways deferred maintenance and repairs

\$1,875,000 GF – U of A telecommunications equipment improvements

\$1,750,000 GF – Courts automated case management system

\$1,000,000 GF – Courts deferred maintenance



Agency Summary - Capital Projects Request - Governor's Structure

	All Funds			General Purpose Fund Group		
	FY01 Enacted	FY02 Governor	Change	FY01 Enacted	FY02 Governor	Change
Department of Administration	7,874,200	20,581,500	12,707,300	995,000	2,436,900	1,441,900
Department of Community and Economic Development	68,176,299	80,623,635	12,447,336	725,000	6,405,000	5,680,000
Department of Corrections	1,890,000	4,637,200	2,747,200	30,000	2,447,200	2,417,200
Department of Education and Early Development	97,991,000	2,950,000	(95,041,000)	642,444	2,950,000	2,307,556
Department of Environmental Conservation	81,366,359	106,659,300	25,292,941	-	310,000	310,000
Department of Fish and Game	5,178,000	15,788,100	10,610,100	-	1,875,000	1,875,000
Office of the Governor	14,637,789	10,887,789	(3,750,000)	637,789	887,789	250,000
Department of Health and Social Services	35,295,752	9,097,900	(26,197,852)	150,000	4,034,700	3,884,700
Department of Labor and Workforce Development	100,000	250,000	150,000	100,000	100,000	-
Department of Law	-	-	-	-	-	-
Department of Military and Veterans Affairs	3,277,000	3,926,700	649,700	691,300	672,300	(19,000)
Department of Natural Resources	8,953,000	19,464,600	10,511,600	1,798,000	5,629,600	3,831,600
Department of Public Safety	2,489,930	8,160,700	5,670,770	2,428,055	6,860,700	4,432,645
Department of Revenue	32,173,700	40,575,200	8,401,500	34,000	1,020,000	986,000
Department of Transportation/Public Facilities	756,130,381	830,084,857	73,954,476	60,326,681	62,241,700	1,915,019
University of Alaska	83,138,000	38,825,000	(44,313,000)	400,000	2,325,000	1,925,000
Alaska Court System	1,900,000	5,375,000	3,475,000	1,900,000	5,375,000	3,475,000
Legislature	334,600	-	(334,600)	334,600	-	(334,600)
Debt Service and Special Appropriations	34,699,800	19,018,000	(15,681,800)	1,042,400	761,300	(281,100)
Municipal Capital Matching Grants (AS 37.06.010)	14,009,388	25,023,135	11,013,747	-	58,866	58,866
Unincorp. Community Capital Matching Grants (AS 37.06.020)	2,154,483	2,857,932	703,449	-	48,816	48,816
Total - Capital Budget	1,251,769,681	1,244,786,548	(6,983,133)	72,235,269	106,439,871	34,204,602
Gen Purpose	72,235,269	106,439,871	34,204,602			
Fed Restricted	844,389,101	841,634,392	(2,754,709)			
Other Funds	335,145,311	296,712,285	(38,433,026)			

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Discussion of Language Sections of the Governor's Capital Bill—FY02

* **Sec. 4. ALASKA CLEAN WATER FUND.** The sum of \$9,650,400 is appropriated to the Alaska clean water fund (AS 46.03.032) for the Alaska clean water loan program from the following sources:

Alaska clean water fund revenue bond receipts	\$1,608,400
Federal receipts	8,042,000

Since 1972, Alaska communities have relied on federal grants to partially fund their larger, more complex wastewater collection and treatment systems. In 1987, congress began a phase-out of the 15-year-old grant program to replace it with a state administered revolving loan fund. The Alaska Clean Water Fund is the State's revolving loan fund. The federal loan program is contingent on the state's 20 percent contribution/match.

The state now reduces general fund expenditures by selling revenue bonds and using the proceeds to meet the federal match requirements.

This language provision capitalizes the Alaska Clean Water Loan Fund with federal receipts and Alaska Clean Water Fund Revenue Bond Receipts.

* **Sec. 5. ALASKA DRINKING WATER FUND.** The sum of \$9,367,600 is appropriated to the Alaska drinking water fund (AS 46.03.036) for the Alaska drinking water loan program from the following sources:

Alaska drinking water fund revenue bond receipts	\$ 800,000
Federal receipts	7,806,300
General fund match	761,300

The Alaska Drinking Water Fund program was approved by congress August 6, 1996 in response to the reauthorization of the federal Safe Drinking Water Act. The Act contains provisions that offer grants to states to help fund revolving loan programs for drinking water projects. Like the Alaska Clean Water Loan Program, the Alaska Drinking Water Loan Program must provide a 20% state contribution/match.

The state now reduces general fund expenditures by selling revenue bonds and using the proceeds to meet the federal match requirements.

This language provision capitalizes the Alaska Drinking Water Loan Fund with general funds, federal receipts and Alaska Drinking Water Fund Revenue Bond Receipts.

* **Sec. 6. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY DIVIDEND.** The sum of \$17,500,000 that is anticipated to be declared available by the Alaska Industrial Development and Export Authority Board of Directors for appropriation as the fiscal year 2002 dividend from the unrestricted balance in the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060) is appropriated in secs. 7 and 13(a) of this Act.

Alaska Industrial Development and Export Authority (AIDEA) is a financial corporation of the state. In recent years, AIDEA has generated earnings beyond the needs of the corporation and has provided cash dividends to the State.	AIDEA Div	\$17,500.0
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This section informs the legislature that the AIDEA's annual corporate dividend to the state will be \$17,500,000. It then points out that this dividend is appropriated in sections 7 and 13(a) of the Governor's Capital appropriations bill.

* **Sec. 7. CAPITAL PROJECT MATCHING GRANT PROGRAMS.** (a) The sum of \$15,000,000 is appropriated from the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060) to the following funds in the Department of Community and Economic Development, in the amounts stated, to provide capital project matching grants:

Municipal capital project matching grant fund (AS 37.06.010(b))	\$13,175,000
Unincorporated community capital project matching grant fund (AS 37.06.020(b))	1,825,000

(b) An amount equal to the interest earned on money in the individual grant accounts in the municipal capital project matching grant fund (AS 37.06.010(b)) and the unincorporated community capital project matching grant fund (AS 37.06.020(b)) is appropriated from the general fund to the respective funds. The interest is calculated using the average percentage interest rate received by other accounts in the state's general investment fund that received interest during fiscal year 2001. The appropriations made by this subsection are allocated pro rata to each individual grant account based on the balance in the account on the close of business on June 30, 2001.

Sub-section a appropriates \$15 million of the AIDEA dividend to the Department of Community and Economic Development to be split between the Municipal Capital Project matching Grant Fund and the Unincorporated Community Capital Project Matching Grant Fund.

AIDEA Div	\$15,000.0
General Funds	\$107.7

The purpose of these funds is to provide a funding system that is equitable to municipalities throughout the state. The funds were also created to improve the process for making grants for capital projects by providing a more orderly and thoughtful planning process that involves the local community, the executive branch, and the legislature.

Sub-section b appropriates general funds (equal to interest earned on the grant funds) to the two matching grant funds.

* **Sec. 8. DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.** (a) The unexpended balance on June 30, 2001, of the federal receipts from the United States Agency for International Development grant authorized by RPL 08-1-0008 is appropriated to the Department of Community and Economic Development for capital projects under the grant agreement.

(b) The unexpended balance on June 30, 2001, of the federal receipts from the United States Department of Commerce, National Marine Fisheries Service, grant authorized by RPL 08-1-0061 is appropriated to the Department of Community and Economic Development for capital projects under the grant agreement.

Sub-section a appropriates the unexpended balance of federal receipts from the U.S Agency for International Development (USAID) that was approved in an FY01 RPL. USAID is providing a two-part grant for continuing projects pertaining to Alaska and the Russian Far East development. According to the RPL, the estimated balance is

Sub-section a:	
Federal Rcpts	\$305.8
Sub-section b:	
Federal Rcpts	\$5,050.0

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\$305,835.

Sub-section b appropriates the unexpended balance of \$7,000,000 in federal receipts from the U.S. Department of Commerce, National Marine Fisheries Service, that were approved in an FY01 RPL. Due to a reduction in the Opilio crab harvest, funds were made available for affected communities through the Pribilof Island and East Aleutian Bering Sea Disaster Grant. According to the RPL, the estimated balance is \$5,050,000.

LFD Note: *This appropriation appears to be for operating costs and could be moved to the operating appropriations bill.*

* **Sec. 9.** DEPARTMENT OF FISH AND GAME. The proceeds from the sale of the research vessel R/V Sundance, including parts inventory, are appropriated from the general fund to the Department of Fish and Game for the purchase of a replacement vessel.

The department expects to receive up to \$300,000 from the sale of a seized fishing vessel. The proceeds will be used to purchase a vessel for Fish and Game uses. GF Prog Rcpt \$300.0

* **Sec. 10.** DEPARTMENT OF PUBLIC SAFETY. The proceeds from the sale of three Department of Public Safety aircraft and surplus aircraft parts and accessories are appropriated from the general fund to the Department of Public Safety for the purchase of replacement aircraft.

The department expects to receive up to \$250,000 from the sale of three seized aircraft. The proceeds will be used to purchase aircraft for Department of Public Safety uses. GF Prog Rcpt \$250.0

* **Sec. 11.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), and program receipts as defined in AS 37.05.146(b)(4) and (6) that exceed the amounts appropriated by this Act are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

LFD Note: *Identical language is proposed in the operating budget; it permits requests for additional operating authorization to be submitted to the LB&A committee for approval. This language applies to capital authorization. Capital spending is unlikely for many of the programs and funding sources listed in AS 37.05.146.*

Sub-section a lists types of receipts that may be spent if the Legislative Budget and Audit Committee approves requests to do so.

LFD Note: *Prior year language limited LB&A committee review to*

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federal receipts, designated program receipts and test fisheries receipts. The proposed language adds about 50 programs/fund sources to the list of fund sources eligible for LB&A committee review. Many of the new additions to AS 37.05.146(b)(4) use the "Receipt Supported Services" fund code.

Sub-section b is standard language that permits state (general fund) authorization to be reduced if unanticipated money is received.

LFD Note: *no process for reducing appropriations is specified and Legislative Finance is unaware of any application of section b.*

Sub-section c is standard language that reduces appropriations if federal and other receipts are less than the amount appropriated in the bill.

LFD Note: *Typically, unrealized receipts are restricted in the accounting system, but authorization is not actually reduced.*

* **Sec. 12. INSURANCE CLAIMS.** The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from the general fund to the

- (1) state insurance catastrophe reserve account (AS 37.05.289(a)); or
- (2) appropriate state agency to mitigate the loss.

This section allows an agency to receive funds directly from a third party for settlement of insurance claims.

LFD Note: *This new provision was prompted by in an incident during FY01. Without this provision, settlements would be deposited into the general fund and would not be available to offset the agency's loss without another appropriation.*

* **Sec. 13. POWER COST EQUALIZATION.** (a) The sum of \$2,500,000 is appropriated from the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060), as provided in sec. 6 of this Act, to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

(b) It is anticipated that members of the Alaska Industrial Development and Export Authority will authorize the purchase of loans and other assets with an estimated value of \$620,000 from the rural economic development initiative fund (AS 44.33.765) as an investment of the Alaska Industrial Development and Export Authority. Conditioned on the authorization to purchase described in this subsection, loans and other assets with an estimated value of \$620,000 are appropriated from the rural economic development initiative fund (AS 44.33.765) to the Alaska Industrial Development and Export Authority, rural development initiative fund (AS 44.88.600). The proceeds from the sale are appropriated from corporate receipts to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

(c) The amount necessary to result in a total appropriation of \$7,800,000 to the power cost equalization and rural electric capitalization fund (AS 42.45.100) under this section, estimated to be \$4,680,000, is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

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Because the proceeds from the sale of the Four Dam Pool and Debt Service will not go into the Power Cost Equalization Endowment fund until FY02, endowment earnings are expected to be \$7.8 million short of fully funding the Power Cost Equalization (PCE) program in FY02. This section proposes capitalizing the Power Cost Equalization and Rural Electric Capitalization fund.

AIDEA Div	\$2,500.0
AIDEA Rcpts	\$620.0
General Funds	<u>\$4,680.0</u>
Total	\$7,800.0

Sub-section a appropriates \$2.5 million of the AIDEA Dividend to the PCE fund.

Sub-section b appropriates the proceeds of the sale of loans and other assets of the Rural Development Initiative Fund (RDIF) (worth an estimated \$620,000). The RDIF is presently housed in the DCED Community and Business Development component. AIDEA will purchase the assets and the proceeds will capitalize the PCE fund.

Sub-section c appropriates enough general funds (estimated to be \$4.68 million) needed to fully fund the PCE program in FY02.

* **Sec. 14. RURAL ELECTRIFICATION REVOLVING LOAN FUND.** Notwithstanding AS 42.45.020(g), the balance of the rural electrification revolving loan fund (AS 42.45.020) on June 30, 2001, is appropriated to the Department of Community and Economic Development for the electrical emergencies program.

This section appropriates the unexpended and unobligated balance of the fund to the Department of Community and Economic Development for the electrical emergencies program.

Rural Elec	\$350.0
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LFD Note: This contrasts with AS 42.45.020(g) in which the unexpended and unobligated balance of this fund lapses into the general fund.

LFD Note: This appropriation appears to be for operating costs and could be moved to the operating appropriations bill.

* **Sec. 15. CONSTITUTIONAL BUDGET RESERVE FUND.** (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2001 that were made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which they were transferred.

(b) If the unrestricted state revenue available for appropriation in fiscal year 2002 is insufficient to cover the general fund appropriations made for fiscal year 2002, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(c) The appropriations in (a) and (b) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Sub-section a is "sweep reversal language." The Constitution requires that year-end general fund balances be used to repay withdrawals from

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the CBR. All general fund subaccounts are "swept" into the CBR; this provision reverses that action. Note that the provision does not reverse the sweep from the operating general fund.

Sub-section b allows the state to cover any shortfall in unrestricted revenues with transfers from the CBR to the general fund. The subsection is used to draw CBR funds for short-term cash flow needs as well as to balance year-end revenue and expenditures.

Sub-section c stipulates that appropriations made by (a and b) must be approved by at least three-quarters of the members of each house of the legislature.

***LFD Note:** This language is identical to the CBR provision in the operating budget with the exception of an appropriation of \$125,000 to the Department of Revenue for CBR management fees. If the capital bill receives the required ¾ vote and the operating bill does not, this provision should be amended to include management fees.*

* **Sec. 16. LAPSE PROVISIONS.** (a) The appropriations made by secs. 4, 5, 7, 12(1), and 13 of this Act are for capitalization of funds and do not lapse.

(b) The appropriations made by secs. 8, 9, 10, 12(2), and 14 of this Act are for capital projects and lapse under AS 37.25.020.

Sec. 17. This Act takes effect July 1, 2001.

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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 money over which the legislature has retained the power of appropriation and which require 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. No withdrawals from the CBR have been made under section 17(b).

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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*

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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
- 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 table you will see a consistent increase in mental health funding from FY96 to the Governor's FY02 request. Since the resolution of the Mental Health class action suit, the mental health budget has increased from \$117,628,900 to a requested \$151,347.8 for FY02. General funds for operating costs have increased during this time from \$108,619.9 to \$121,330.0, an increase of \$12,710.1. General funds appropriated for capital projects fluctuate from year to year.

Statewide Total Appropriations

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

FY96	FY97	FY98	FY99	FY00	FY01	FY02 Gov
117,628.9	119,184.3	121,335.5	127,498.8	141,151.3	146,138.4	151,347.8

Significant increases in General Fund/Mental Health funding is found in the following components:

Department of Corrections

Inmate Health Care and Inmate Programs \$434.0

Department of Health & Social Services

McLaughlin Youth Center \$506.0

Infant Learning Program Grants \$700.0

Alcohol and Drug Abuse Grants \$1,000.0

Rural Services Grants \$750.0

Psychiatric Emergency Services \$1,070.5

Services to the Chronically Mentally Ill \$1,263.8

Alaska Psychiatric Institute \$1,890.1

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Comprehensive Integrated Mental Health Program Funding Summary

	GF/MH	MHTAAR	MH Admin	Total
FY01 Conference Committee	124,552.0	10,599.3	907.4	136,058.7
Fiscal Notes	936.7	852.5	21.6	1,810.8
Salary Adjustments	593.2	61.8	11.2	666.2
FY01 Authorized	126,081.9	11,513.6	940.2	138,535.7
Transfers In	462.7	459.0		921.7
Transfers Out	(462.7)	(459.0)		(921.7)
FY01 Management Plan	126,081.9	11,513.6	940.2	138,535.7
Salary Adjustments	31.9	-10.4	-2.7	18.8
One Time Item		-247.0		-247.0
Transfers In	1,371.7			1,371.7
Transfers Out	(1,371.7)			(1,371.7)
FY02 Adjusted Base	126,113.8	11,256.2	937.5	138,307.5
Fund Source Changes	2,408.1	(1,659.5)		748.6
Increments	4,515.3	1,831.0	23.8	6,370.1
Decrements		(1,062.9)		(1,062.9)
FY02 Governor Request	133,037.2	10,364.8	961.3	144,363.3

CAPITAL BUDGET FISCAL SUMMARY

Department	GF/MH	MHTAAR	AHFC	Total
	Funds		Dividend	
Department of Administration	100.0	280.0	250.0	630.0
Department of Health and Social Services	1,029.5	1,825.0	100.0	2,954.5
Department of Natural Resources		950.0		950.0
Department of Revenue		200.0	1,750.0	1,950.0
Department of Transportation & PF	250.0	250.0		500.0
Total Capital Budget Request	1,379.5	3,505.0	2,100.0	6,984.5

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.

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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, and Risk Management 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. The Information Technology Group provides internal services to state agencies and also provides for the state's satellite-based public communications system.

SIGNIFICANT CHANGES

- The Centralized Administrative Services appropriation includes 13 components with a variety of responsibilities. The largest increase in this appropriation is \$713,900 in retirement funds to accommodate Retirement and Benefits' system changes and growth in the customer base. The Commissioner's Office requests a permanent, full-time legislative liaison position (funded by Interagency Receipts) to reflect a reorganized staffing plan with revised divisional reporting assignments. Other changes in this appropriation include increases in budgeted inter-agency funding in the Office of the Commissioner and Administrative Services components with increments totaling \$511,000. This amount is transferred from other department components to fund the department's cost allocation plan and to formalize previously unbudgeted Reimbursable Services Agreements. GF increases are requested for the Division of Personnel records center relocation (\$35,000) and for case management software and equipment replacement for tax appeals (\$17,800). Also, in FY02 the Labor Agreements Miscellaneous Items component has been moved to the Centralized Administrative Services appropriation. Because the Supervisory Unit contract stipulates that funding be made available for supervisor training, the department request includes \$50,000 GF for that purpose.

Legislative Fiscal Analyst Comment: The Governor's budget was submitted with the increase for supervisory training as an 'Agency Transfer' from the Office of Management and Budget. Because the transferred funds were from the Investment Loss Trust Fund—a source backed out of other appropriations—Legislative Finance removed the ILTF and added an increment for general funds.

- Within the Leases appropriation, an increment of \$1,900,000 GF will fund contractual lease obligations.
Legislative Fiscal Analyst Comment: For FY01 the legislature approved leasing decrements totaling \$817,900 GF. The department has indicated, therefore, that an FY01 supplemental request is likely. An assessment will take place in January to determine the amount of the request to the legislature. The FY00 supplemental was funded at \$706,300.
- State Owned Facilities continues implementation of the Public Building Fund project started in FY01. The FY02 budget includes increments for utility costs, administrative support and other operational expenses of the eight public building fund program facilities in Anchorage, Fairbanks, and Juneau. The cost of all increments (\$302,800) will be collected as inter-agency receipts.
- A GF increment of \$650,000 is requested by the Information Services Fund appropriation for emergency communications infrastructure support.
- A general fund increment (\$1.6 million) is requested in Public Communications Services to pay the anticipated cost increase for satellite transponder space in FY02. This space is purchased from AT&T Alascom, which is in the process of migrating to a new satellite. This estimate of increased costs is based on preliminary tariff information provided by AT&T Alascom. Public broadcasting, Gavel to Gavel, the University's Distance Education Service and public radio rely on the state-funded satellite transponder for delivery of service.

Legislative Fiscal Analyst Comment: The department indicates in their overview that additional budgetary changes are likely as the state enters into a partnership with private vendors to provide telecommunications services to state agencies. Proposals are currently being reviewed and budget amendments necessary to facilitate this partnership will be developed following evaluation of the proposals.

- The Division of Risk Management's budget includes an increase to provide the inter-agency receipt authorization (\$919,100) related to Chapters 89 and 105, SLA 2000, which relate to workers' compensation and worker safety. Although fiscal notes relating to the original bills (HB 378 and HB 419) were included to provide funding for other state agencies in FY01, those fiscal notes inadvertently omitted receipt authority for the Division of Risk

legislative fiscal analyst overview of the governor's FY02 request

Management. Therefore, during FY01 these receipts are being collected via unbudgeted RSAs; this increment identifies those unbudgeted receipts in the FY02 budget.

- The Longevity Bonus appropriation includes a \$1 million GF *decrement* in Longevity Bonus Grants. According to the department's narrative, this change is based on the projected decrease in Longevity Bonus payments for FY02.

Legislative Fiscal Analyst Comment: Last year's FY01 Conference Committee reduced program funding by \$1,755,500. The department has indicated that they may request a supplemental appropriation for FY01. In FY00, a supplemental for \$1,430,000 was approved. The Governor's FY02 budget includes a new language section (Section 18) that provides for open-ended, general fund authorization that potentially offsets the requested decrement.

- Alaska Longevity Programs Management requests an increment of \$5,107,700 (\$2.5 million GF and \$2.6 million Receipt Supported Services) for Pioneers Homes. The increment adds 131 new positions and will provide funding for direct care staff and ancillary services to enable the Pioneers' Homes to admit applicants to about 86 vacant beds in the Anchorage, Palmer, and Sitka homes. The majority of admissions to these vacant beds are anticipated to be Veterans. Eventually, it is anticipated that changes will allow 125 beds to be filled.

Legislative Fiscal Analyst Comment: The Governor has proposed related legislation. Legislators may wish to ask the department to describe progress on their seven-year plan to reduce general fund subsidy of Pioneers' Homes and to examine the possibility of reflecting necessary funding in a fiscal note rather than in the FY02 operating budget.

- Requested increases totaling \$2.7 million in Senior Services (including \$890,800 GF, \$1,025,000 Federal Receipts and \$708,600 in MHTAAR) affect the following:
 1. Management of initial Medicaid waiver processing in conjunction with the Department of Health and Social Services;
 2. Assisted Living (rate increase to \$60 per day);
 3. Assisted Living Licensing and Monitoring;
 4. Federal Grants affect the Protection, Community Services, and Administration component and the Nutrition, Transportation and Support Services component;
 5. Substance abuse treatment for Seniors;
 6. Innovative respite services;
 7. Caregiver support services in multi-community areas with a rural emphasis ;
 8. Alzheimer's Disease and Related Disorders (ADRD) training for in-home providers; and
 9. A certification or licensing system for Adult Day Services.
- The Alaska Oil and Gas Conservation Commission (AOGCC) requests \$294,100 (AOGCC Receipts) to cover increased costs for training, travel and salary administration; additional lease costs and database development, implementation and management.
- The Office of Public Advocacy requests increments totaling \$850,000 in general funds to address caseload growth. An additional increment of \$100,000 (Statutory Designated Program Receipts) will support the Trust Fund Accounting System. The Public Defender Agency requests \$1.3 million GF to maintain services.
- The Motor Vehicles program includes an increment for audits of third-party testers, snow machine dealers, boat dealers, automobile dealers, commission agents, and other motor vehicle partners statewide. (\$118,500 GF)
- The General Services Facilities Maintenance budget includes a *decrement* in Interagency Receipts (\$2,550,000) because maintenance costs are no longer recorded in this component for the Atwood Building in Anchorage, a facility included in the Alaska Public Building Fund. Those costs are now included in the budgets of the tenant agencies of the Atwood Building.

ORGANIZATIONAL CHANGES

There were no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Administration Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	161,301.8	7,781.3	95,346.0	264,429.1
Fiscal Note	(13,022.1)	1.8	20,087.5	7,067.2
Salary Adjustment	977.5	30.8	1,126.8	2,135.1
Fund Source Change	(8.6)		8.6	0.0
FY01 Authorized	149,248.6	7,813.9	116,568.9	273,631.4
Transfer In	54.0			54.0
Transfer Out	(54.0)			(54.0)
FY01 Management Plan	149,248.6	7,813.9	116,568.9	273,631.4
Salary Adjustment	54.0	0.9	78.2	133.1
One Time Item	(71.5)		(984.5)	(1,056.0)
Agency Transfer In	1,134.0		432.8	1,566.8
Agency Transfer Out	(42.0)			(42.0)
Transfer In	95.9			95.9
Transfer Out	(95.9)			(95.9)
FY02 Adjusted Base	150,323.1	7,814.8	116,095.4	274,233.3
Fund Source Change	(183.9)		183.9	0.0
Increment	10,677.5	1,025.0	6,300.9	18,003.4
Decrement	(1,000.0)		(2,550.0)	(3,550.0)
FY02 Governor Request	159,816.7	8,839.8	120,030.2	288,686.7
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		1,341	114	95
FY02 Governor Request		1,511	119	100
Net Change		170	5	5
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FY02 Governor Capital Request	2,336.9	14,893.7	2,720.9	19,951.5

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Department of Community and Economic Development

The Department of Community and Economic Development (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 CHANGES

- The Department has updated its internal Cost Allocation Plan, which affects all appropriations within the department. While the revised plan shifts costs among appropriations, it also increases collections by almost \$75,300.

Legislative Fiscal Analyst Comment: Increases of \$4,228 to the Commissioner's Office and \$71,000 to Administrative Services (from the FY01 Management Plan) are not shown in the budget request. The three appropriations (Insurance, Occupational Licensing, and the Regulatory Commission of Alaska) that can pass costs on to the regulated community pay much higher rates than the rate charged to other appropriations within the department. The legislature may wish to ask the department to describe the affect this disparity in rates has on fees charged by the department.

- The International Trade component and the Community and Business Development (CBD) component were authorized (sec. 27, ch. 133, SLA 2000) to receive the unexpended and unobligated FY00 business license receipts collected by Occupational Licensing. International Trade received \$1,083,700. The amount authorized for CBD was \$409,500. The Governor's proposed budget continues these funding levels in FY02.

Legislative Fiscal Analyst comment: Legislative Finance regarded the use of FY00 business license receipts as a one-time fix for FY01 funding problems. The agency request converts these program receipts to pure general funds. In order to draw subcommittee attention to the issue, Legislative Finance has identified the business license receipts as one-time funding, and then added a General Fund increment for the same amount.

- The Community and Business Development (CBD) component has requested an increment of \$100,000 in G/F Match for a U.S. Economic Development Administration (EDA) grant to conduct economic development planning and implementation. This grant requires a 1:1 match and has traditionally been requested in the capital budget. For the past two years it has not been funded because of criticism that it should be in the operating budget where the EDA grant federal receipts authorization is located.

A fund source change in CBD is requested to replace \$99,800 of Rural Development Initiative Funding (RDIF) with General Funds which will enable CBD to continue to fund two employees who perform various functions for the division.

CBD requests another increment of \$200,000 in Federal Funds due to an increase of funding available from the U.S. Department of Agriculture, the Denali Commission and the U.S. Forest Service. These funds will be used for block grants to communities throughout the State for economic development and community assistance.

- The Department is moving its International Trade functions to the International Trade and Market Development component. Last session the International Trade and Market Development component transferred to the Governor's Office all of its employees and funding. This year, the Governor's request returns all of the funding to this component.
- The National Program Receipts component is requesting an increment of \$2,000,000 in Federal Receipts due to legislation Congress has enacted (HR 2389) which will increase and stabilize future national forest receipt funding.

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- The Alaska Aerospace Development Corporation component is requesting an increment of \$202,700 in Aerospace Development Corporation Receipts to hire a Deputy Director and a Procurement Specialist to support the administrative, operational, and maintenance demands of the Corporation.
- The Alaska Aerospace Development Corporation Facilities Maintenance component is requesting a \$290,500 increment in AADC Receipt authority. The AADC Board of Directors contends that there is insufficient staff to meet the demands of supporting the administrative, operational and maintenance demands of the Corporation. This increment will fund a Facility Engineer, a Maintenance Technician, a Documentation Specialist, and a Secretary at the Kodiak Launch Facility.

Legislative Fiscal Analyst Comment: *Section 4 of the Governor's Operating Bill gives AADC unlimited authority to spend FY02 receipts. Please see the "Discussion of Language Sections of the Governor's Operating Bill--FY02" in this Overview for more information.*

- The Circuit Rider component has had difficulty finding a stable source of federal funding, so is requesting a fund source change that would replace \$100,000 in Federal Receipts with \$100,000 of General Funds. This change reverses the fund source allocation of the FY01 Management Plan, in which the total funding for this component was \$300,000, with \$200,000 in federal funds and \$100,000 in general funds.
- In the Banking, Securities and Corporations component, an increment of \$101,500 in Receipt Supported Services funding is requested to fund two new positions. The first is an Administrative Clerk II, who will support the Business Registration Examiner in reducing the backlog of corporation filings. The second is an Analyst Programmer, who will develop and maintain the new Securities Database requested in the Capital Budget.
- The Occupational License component has requested an increment for \$118,000 in Receipt Supported Services to pay for three new positions. These positions have been requested by the State Medical Board, the Board of Nursing, and The Board of Registration of Architects, Engineers and Land Surveyors to speed up the licensing and review process for each of these professions.

Legislative Fiscal Analyst Comment: *Ch 101, SLA 2000 (HB 418) authorized a change of G/F Program receipts in Occupational Licensing's budget to Receipts Supported Services in the other funds category. The accompanying fiscal note included an increment of \$1,446,000 that has become part of the FY02 base budget.*

- The Regulatory Commission of Alaska (RCA) has requested several increments (all RCA receipts) including \$201,000 for increased building lease/rental costs and \$352,900 to hire seven permanent full time positions to reduce the backlog left from the previous Commission. The Commission also requests an increment of \$100,000 to offset a change in the language section of the operating bill. For more information on this, please see the "Discussion of Language Sections of the Governor's Operating Bill--FY02" in this *Overview*.
- Chapter 75, SLA 2000 (HB 447) authorized the sale of the four dam pool hydroelectric projects. The proceeds of this sale, coupled with \$100 million from the CBR and the unexpended and unobligated balance of the State Insurance fund held by the Alaska Energy Authority, were used to create the Power Cost Equalization Endowment Fund. The earnings from this Endowment will be used to fund the Power Cost Equalization program. Endowment earnings are not expected to be sufficient to fund the PCE program in FY02.

Legislative Fiscal Analyst comment: *Calculations performed by Legislative Finance show that if the Endowment earnings average 7 percent, the program will need about \$7.8 million of additional funding in FY02 to fund the program at \$15.7 million. This operating shortage is addressed in the capital bill.*

ORGANIZATIONAL CHANGES

Other than transferring all of International Trade's funding and staff to International Trade and Market Development, there are no major structural changes in the Department.

legislative fiscal analyst overview of the governor's FY02 request

Department of Community and Economic Development Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	55,624.0	18,914.6	50,160.9	124,699.5
Fiscal Note	(14,841.8)	0.1	19,502.3	4,660.6
Special Appropriation	1,493.2		1,500.0	2,993.2
Salary Adjustment	77.6	11.9	633.6	723.1
Fund Source Change	(852.2)		852.2	0.0
FY01 Authorized	41,500.8	18,926.6	72,649.0	133,076.4
Transfer In			92.8	92.8
Transfer Out			(92.8)	(92.8)
FY01 Management Plan	41,500.8	18,926.6	72,649.0	133,076.4
Salary Adjustment	41.1	8.2	193.9	243.2
One Time Item	(1,493.2)		(756.5)	(2,249.7)
Agency Transfer In	402.2		615.7	1,017.9
Agency Transfer Out	(151.2)			(151.2)
Transfer In	1,098.1		5.3	1,103.4
Transfer Out	(1,098.1)		(5.3)	(1,103.4)
Decrement			(1,700.0)	(1,700.0)
FY02 Adjusted Base	40,299.7	18,934.8	71,702.1	130,936.6
			0.0	
Fund Source Change	199.8	(100.0)	(99.8)	0.0
Increment	1,744.9	2,203.9	5,061.1	9,009.9
Decrement	(21.2)		(1,038.3)	(1,059.5)
FY02 Governor Request	42,223.2	21,038.7	74,925.1	138,187.0
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		459	9	1
FY02 Governor Request		480	6	1
Net Change		21	(3)	0
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FY02 Governor Capital Request	6,405.0	68,848.6	5,370.0	80,623.6

legislative fiscal analyst overview of the governor's FY02 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.

SIGNIFICANT CHANGES

- The Department requests an increment of \$4,200,000 (of which \$3,955,000 are general funds) that will fund 83 positions and the half year operation of the new Anchorage Jail. Sixth Avenue Correctional Center and the Anchorage Jail will be operational simultaneously while the new facility is brought on-line. Eventually Sixth Avenue will be phased out and their these positions transferred to the Anchorage Jail.
- Out-of-State Contractual BRU requests a general fund *decrement* of \$610,000. The need for housing prisoners out-of-state will be reduced in conjunction with the opening of the new Anchorage Jail in late FY02.
- A line item transfer of \$848,200 from contractual to personal services is proposed to fund 15 positions for the Inmate Health Care component. The previous nursing contract is being eliminated to convert to State positions in an effort to reduce inmate health care costs.
- Inmate Health Care requests a fund change of \$352,300 from general funds to PFD funds. The Department anticipates an increase in the number and value of PFDs withheld from convicted felons and third time misdemeanants who are eligible to collect a dividend.
- The Community Jails component requests a general fund increment of \$400,000 to cover increased contract costs.
- Institution Director's Office requests \$959,000 in Federal Receipt authority 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 Receipts to Statutory Designated Program Receipts for the same purpose.

Legislative Fiscal Analyst Comment: The fund change from GF/PR to SDPR was requested by the correctional centers in the FY01 budget.

- Inmate Programs component requests a GF/MH increment of \$226,000 for Inmate Substance Abuse Treatment (ISAT) for increased costs to contractors associated with providing services.
- Alaska Correctional Industries Product Cost component requests a Correctional Industries Fund increment of \$650,000 due to an increase in customer sales which will require additional raw material and associated manufacturing expenditures.
- The Data & Word Processing component is requesting an increment of \$550,000 in Federal Receipts authorization and a decrement of \$333,800 in CIP funds for a net increase of \$216,200. These funds will provide computer network and management information systems support to maintain statewide LAN/WAN services
- Several correctional facilities and probation offices are requesting a total of \$1,190,800 in general fund increments to restore funds that were a one-time reappropriation to the department in the FY01 budget.

ORGANIZATIONAL CHANGES

The Anchorage Jail will be completed and become operational during FY02.

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Department of Corrections Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	141,945.9	7,008.0	15,508.3	164,462.2
Fiscal Note	(1,537.0)	2.4	2,459.0	924.4
Reappropriation	1,190.8			1,190.8
Salary Adjustment	1,211.1	48.9	783.0	2,043.0
FY01 Authorized	142,810.8	7,059.3	18,750.3	168,620.4
Transfer In	490.7	75.0	512.7	1,078.4
Transfer Out	(490.7)	(75.0)	(512.7)	(1,078.4)
FY01 Management Plan	142,810.8	7,059.3	18,750.3	168,620.4
Salary Adjustment	346.8	5.3	(6.3)	345.8
One Time Item	(1,190.8)		(716.0)	(1,906.8)
Transfer In	174.1			174.1
Transfer Out	(174.1)			(174.1)
FY02 Adjusted Base	141,966.8	7,064.6	18,028.0	167,059.4
Fund Source Change	(2,149.7)		2,149.7	0.0
Increment	6,744.1	1,550.0	1,315.2	9,609.3
Decrement	(610.0)		(363.8)	(973.8)
FY02 Governor Request	145,951.2	8,614.6	21,129.1	175,694.9

Position Summary	PFT	PPT	Tmp
FY01 Authorized	1,366	4	0
FY02 Governor Request	1,478	3	0
Net Change	112	(1)	0

FY02 Governor Capital Request	2,447.2	2,190.0	0.0	4,637.2
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Department of Education and Early Development

The Department of Education and Early Development (E&ED) is responsible for the development of lifelong learners by funding and regulating the state's K-12 schools as well as administering school debt reimbursement and grants for school construction. The State Board of Education and Early Development is the executive board of the department. The board develops educational policy, promulgates regulations governing education and appoints the Commissioner of Education and Early Development with the Governor's approval. The consolidation of early development and education programs in 1999 created a comprehensive system of early care and learning. Effective July 1, 2000, the department also took over the responsibility for Child Care Licensing from the Department of Health and Social Services.

In addition to the programs mentioned above, 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. Edgumbe Boarding School, Alaska Library and Museums, Alaska Postsecondary Education Commission, and E&ED State Facilities Maintenance.

***Legislative Analyst Comment:** Although the Governor's budget places costs of the school debt reimbursement program in the department, Legislative Finance classifies the program as debt service and discusses school debt along with other debt in a separate section of this overview. Legislative Finance does not address the high school exit examination except as it impacts the FY02 budget request for quality schools and related initiatives.*

SIGNIFICANT CHANGES

- The Governor's request for the Department of Education and Early Development fully funds the FY02 public school foundation program for K-12 Support. The request also retains \$6.2 million in one-time funded Learning Opportunity Grants. According to the Department of Education and Early Development, the Governor appointed an Education Funding Task Force that will make specific recommendations to the Governor and the State Board of Education and Early Development by February 1, 2001. The task force recommendations are anticipated to chart a course for education over the next two to five years to provide school districts with a plan for obtaining the resources necessary to ensure that all students are meeting high academic standards. The February timeframe would allow the task force recommendations to be incorporated into legislation or budget proposals to be considered by the Legislature.

***Legislative Analyst Comment:** Legislative Finance backed out reappropriations of FY00 K-12 Support funds for Learning Opportunity Grants because the fund source for those reappropriations is nonrepeatable. These funds are shown as general fund increments in the amounts of \$5,787,100 and \$400,000 in order to match the Governor's request.*

- The Governor's request for Pupil Transportation includes a fund switch from \$4,400,000 in AIDEA Receipts to General Funds.

***Legislative Analyst Comment:** The FY00 AIDEA receipts are a one-time source of funding. As with all nonrepeatable funding sources in the FY01 budget, Legislative Finance backed funds out of the Governor's FY02 budget and added an increment to replace the nonrepeatable fund source.*

***Legislative Analyst Comment:** The department has indicated that Pupil Transportation may request supplemental funding for FY01. Even with an FY00 supplemental appropriation of \$6,539,700, the department prorated final FY00 payments to school districts on a statewide basis. The Legislature may wish to consider separate appropriations for the larger pupil transportation areas.*

- Within the Teaching and Learning Support appropriation, the Special and Supplemental Services component requests an increment of \$2,000,000 to provide sufficient authorization for federal grant increases and to accommodate Special Education and Title I programs. Two increments are also requested in the Quality Schools area—one for extended day kindergarten programs and academic intervention coordinators (\$1,200,000

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Federal Receipts) and another for \$177,700 GF to administer and review the statewide correspondence and Gifted and Talented programs

- In Early Development, requested increments total \$14 million (of which \$3.4 million is GF) as follows:
 - ? Child Care Assistance & Licensing has asked for three increments totaling \$7.1 million (\$427,600 is GF). Increases are anticipated to fully fund the child care assistance program and eliminate the current wait lists. The goal of this program is to assist income-eligible families transitioning from welfare-to-work. The increments will also provide incentives for registered childcare providers to become licensed, will provide training and resource development and referral services to providers to improve the quality of care, and will allow for monitoring and enforcement of licensing/registered care providers;
 - ? Head Start Grants includes \$4.4 million in additional funding for program expansion (including \$662,400 GF). Funds will be used to expand services to approximately 325 children in 6-8 communities, to provide a Family Wellness model in Head Start communities, and to expand distance delivery coursework for early childhood education endorsement programs to meet new federal requirements for Head Start workers;
 - ? Special Programs proposes two increments for a total of \$1,100,000 (\$1,000,000 GF and \$100,000 Federal Receipts). The first is for staff and parent involvement to fund parent education, professional development and workshops to support children's literacy, education, and overall health and well being. The second request supports the System for Early Education Development (SEED).

***Legislative Analyst Comment:** Legislative Finance backed out reappropriations of FY00 K-12 Support funds because the fund source for all reappropriations is nonrepeatable. These funds are shown in the Child Care Assistance and Licensing component as general fund increments in the amounts of \$355,700 and \$1,010,600 in order to match the Governor's request.*

- The Children's Trust Programs request \$166,500 in increments for child abuse and neglect awareness mini-grants (\$100,000 Federal Receipts) and for administrative and operational costs (\$66,500 Children's Trust Fund Earnings).
- A total increase of \$634,200 (Receipt Supported Services) in Alaska Vocational Technical Center (AVTEC) Operations will fund three increments for rent receipts to fund facilities maintenance (\$100,000), First Alaskans Foundation grants for the Construction and Maintenance Training Program (\$275,000), and for promotion of the Certified Nurse Assistant Program (\$259,200). In conjunction with increased maintenance responsibilities at AVTEC for twelve buildings and the expanse of the campus, State Facilities Maintenance requests the addition of a full-time maintenance position funded by AVTEC rent receipts.
- The Mt. Edgecumbe Boarding School budget includes \$200,000 in additional general funds to cover the increase in the dormitory services contract at Mt. Edgecumbe High School.
- Within the Alaska Library and Museums appropriation, Library Operations requests a \$98,700 GF increment for a network specialist for the Gates Foundation Project.
- The Alaska Postsecondary Education Commission has proposed two increments for existing programs. Within the Western Interstate Commission for Higher Education (WICHE)-Student Exchange Program, an increment of \$11,000 (Alaska Postsecondary Education Commission Receipts) is included to fund the WICHE Commission approved dues increase. The increase will support the cost of healthcare for staff and increased rent costs for the Commission. A second increment for \$63,100 in general funds is for a contractually agreed upon inflation factor that is built into the support fees formula for participation in the Wisconsin, Washington, Alaska, Montana, Idaho (WWAMI) regional medical school program at the University of Washington School of Medicine.

ORGANIZATIONAL CHANGES

There were no significant organizational changes.

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Department of Education and Early Development Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	717,342.7	134,599.3	48,644.7	900,586.7
Fiscal Note	(586.8)	1.4	2,502.5	1,917.1
Reappropriation	7,880.4			7,880.4
Special Appropriation	200.0		4,500.0	4,700.0
Salary Adjustment	161.4	77.0	509.6	748.0
Fund Source Change			0.0	0.0
FY01 Authorized	724,997.7	134,677.7	56,156.8	915,832.2
FY01 Management Plan	724,997.7	134,677.7	56,156.8	915,832.2
Salary Adjustment	(69.0)	(16.6)	(117.6)	(203.2)
One Time Item	(7,880.4)		(6,358.7)	(14,239.1)
Transfer In		80.1	106.5	186.6
Transfer Out		(80.1)	(106.5)	(186.6)
FY02 Adjusted Base	717,048.3	134,661.1	49,680.5	901,389.9
Fund Source Change	0.0	3,873.4	(3,873.4)	0.0
Increment	15,024.6	10,855.0	3,850.3	29,729.9
FY02 Governor Request	732,072.9	149,389.5	49,657.4	931,119.8
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		362	108	2
FY02 Governor Request		371	114	3
Net Change		9	6	1
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FY02 Governor Capital Request	2,950.0	0.0	0.0	2,950.0

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Department of Environmental Conservation

The Department of Environmental Conservation is a technical assistance and grant-in-aid agency responsible for protecting the environment and public health. The agency administers programs for preventing and responding 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 CHANGES

- **Administration**
The Commissioner's Office is requesting a \$300,000 increment of general funds to support a new program addressing persistent organic pollutants and other arctic contaminants.
- **Environmental Health**
The Food Safety and Sanitation request replaces \$167,600 in Statutory Designated Program Receipts (from inspections of seafood processors) with general funds.

Legislative Analyst Comment: The legislature may wish to have the department explain why the Statutory Designated Program Receipt authority granted last year is being replaced with general funds.

- **Air and Water Quality**
The Water Quality component requests replacement of \$395,700 in Statutory Designated Program Receipts with General Funds. The request is consistent with a second-year reduction in the fiscal note for Ch 59, SLA 2000 (HB361).
- **Spill Prevention and Response**
Increments totaling \$686,900 in Oil/Hazardous Funds include \$609,400 for new activities associated with the British Petroleum merger and \$77,500 to fund a permanent position for increased financial responsibility and activities for non-tank vessels and railroad tank cars.

The Local Emergency Planning Committees component is requesting a \$90,800 reduction in Oil/Hazardous Funds. The statutory maximum funding level for this component is three percent of the estimated annual balance in the prevention account. This request reduces funding to the maximum statutory level.

- **Facility Construction and Operations**
The department is requesting two increments:
 - \$165,100 in Capital Improvement Projects Receipts for small drinking water system operator training and certification as required by changes in federal law.
 - \$400,000 in Federal Receipts for the Remote Maintenance Worker program to extend into the Aleutian and Pribilof Islands—the only portion of the State not currently covered by the program.

ORGANIZATIONAL CHANGES

The Non-Point Source Pollution Control appropriation has moved from its own appropriation to a component under Air and Water Quality; Contaminated Sites Program and the Local Emergency Planning Committees have both been moved from their own appropriations to components under Spill Prevention and Response.

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Department of Environmental Conservation Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	11,806.5	15,047.4	20,826.0	47,679.9
Fiscal Note	305.2	2.9	260.7	568.8
Special Appropriation			166.3	166.3
Salary Adjustment	79.5	203.0	463.5	746.0
FY01 Authorized	12,191.2	15,253.3	21,716.5	49,161.0
Management Plan	12,191.2	15,253.3	21,716.5	49,161.0
Salary Adjustment	30.3	16.5	47.4	94.2
One Time Item	(2.0)		(491.0)	(493.0)
Transfer In	132.8	77.9	592.7	803.4
Transfer Out	(132.8)	(77.9)	(592.7)	(803.4)
FY02 Adjusted Base	12,219.5	15,269.8	21,272.9	48,762.2
Fund Source Change	563.3		(563.3)	0.0
Increment	577.4	400.0	852.0	1,829.4
Decrement			(90.8)	(90.8)
FY02 Governor Request	13,360.2	15,669.8	21,470.8	50,500.8
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		466	5	5
FY02 Governor Request		480	7	4
Net Change		14	2	(1)
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FY02 Governor Capital Request	310.0	57,444.6	48,904.7	106,659.3

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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 CHANGES

- The Governor's request includes \$7 million in increased Federal Receipts and \$2 million in other funds (primarily Receipt Supported Services in the Commercial Fisheries Entry Commission and Commercial Fisheries Special Projects components and CIP increases in Sport Fish Special Projects and Habitat Special Projects).
- Federal Receipts increases are requested for:
 - ? Wildlife Conservation:
 - Conservatory and Reinvestment Act (CARA) -- \$2.4 million
 - Most federal funding for wildlife conservation is provided for consumptive uses such as hunting. The Conservatory and Reinvestment Act (CARA) provides for non-consumptive uses such as coastal impact, historic preservation, urban park development, national parks, and for fisheries rehabilitation programs.
 - Marine Mammals -- \$1.2 million
 - The federal funding for marine mammals is directly related to the stellar sea lion population and its potential addition to the national endangered species list. As highlighted in many newspapers, this issue is controversial to commercial, sport, and subsistence fishing in Alaska. These Federal Receipts will provide Alaska with funding to conduct additional studies regarding stellar sea lions and the impact that Alaska's fishing lifestyle may have on their population.
 - Federal Aid increases -- \$740.0
 - Under the Federal Aid in Wildlife Restoration Act, popularly known as the Pittman-Robertson Act, federal funds are available due to increased revenue nationally into the Pittman-Robertson fund. The additional funding will be used for 1) hunter education; 2) improvement of general wildlife education in schools; 3) enhance use of the internet; 4) increase seasonal help; and 5) increase data collection on moose, caribou and brown bear populations.
 - ? Federal/State Subsistence Management:
 - Sport Fisheries -- \$2 million
 - Commercial Fisheries -- \$1 million
 - The department will receive additional federal funding for the dual management of subsistence in Alaska. The Federal government continues to contract with the state's scientists and other resources to conduct research projects that document sustainable levels of harvest, abundance of fish stocks, and escapement goals. Under federal subsistence management, the division's responsibilities have increased in a number of areas. Implementation of a dual state/federal subsistence fisheries management system will require that the Division of Sport Fisheries monitor sport fisheries throughout the state in order to determine if and when the opportunity to participate in sport fishing is at risk due to the federal subsistence process.
- Receipt Supported Services increases are requested for:
 - ? Commercial Fisheries, various fisheries projects -- \$1 million
 - The Commercial Fisheries Division requests an increment of Receipt Supported Services to restore funding for some programs that have been eliminated or reduced in prior years and to begin programs aimed at collecting information needed to develop new fishing opportunities.

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? Commercial Fisheries Limited Entry Commission -- \$155.2

This relatively small request will help address several problems the division has encountered. This increment will be used to increase the personal services line, pay for inflated annual costs of supplies, and replace outdated equipment. The Commercial Fisheries Limited Entry Commission consistently generates revenue nearly twice its operating budget but has seen reductions in prior years as the legislature continued to decrease general fund spending, including general fund program receipts.

- Sport Fish

Capital Improvement Project fund increases of \$833.1 are requested for project management costs in Sport Fish Special Projects and Habitat Special Projects. The increment of CIP receipts will fund staff to complete tasks associated with the Southeast Sustainable Salmon habitat assessment, research and monitoring programs.

- Fish and Game Fund

The increased federal funding for Wildlife Conservation activities will help offset the decrease in available Fish and Game funds. In recent years, the balance of the Fish and Game fund has declined by almost one million dollars per annum.

Legislative Fiscal Analyst Comment: During the past several fiscal years the Department has spent more from the Fish and Game Fund than has been collected. This had not been a problem due to a surplus in the fund. With a diminishing surplus, spending should more closely reflect the amount anticipated to be deposited into the fund during the fiscal year. The Fish and Game Fund is divided internally into two accounts; wildlife (receipts from hunting and waterfowl licenses and tags) and fish (receipts from fishing licenses and tags).

A decrement of Fish and Game Funds is requested in Wildlife Conservation to more closely match anticipated revenues from hunting licenses. Increments primarily in Sport Fisheries and capital project spending are seen because of increased collections from fishing license sales. Fish and Game Funds expenditures overall are approximately \$400,000 above the FY01 level.

Fish and Game Fund (Fiscal Year End Balance, Revenues and Expenditures are from the Comprehensive Annual Financial Report)

Fiscal Year	End Balance	Revenues	Expenditure
1998	\$13,435	\$21,700	\$26,013
1999	\$12,854	\$22,348	\$23,787
2000	\$11,625	\$24,299	\$26,654
2001			\$25,021 (Authorized Operating and Capital)
2002			\$25,400 (Requested Operating and Capital)

With outstanding capital project expenditures and more current revenue estimates, the department anticipates a balance in the Fish and Game Fund to be approximately \$8 million at the end of the 2001 fiscal year.

ORGANIZATIONAL CHANGES

The Habitat Permitting/Title 16 component has been merged with the Habitat component in order to reduce unnecessary administrative complexity and streamline administrative processes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Fish and Game Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	32,714.1	34,691.1	47,544.3	114,949.5
Fiscal Note	(2,358.7)	11.8	2,807.7	460.8
Governor Veto			(97.0)	(97.0)
Reappropriation	(350.0)		350.0	0.0
Special Appropriation			100.0	100.0
Salary Adjustment	341.6	504.8	985.8	1,832.2
FY01 Authorized	30,347.0	35,207.7	51,690.8	117,245.5
Transfer In	101.0	483.7	500.0	1,084.7
Transfer Out	(101.0)	(483.7)	(500.0)	(1,084.7)
FY01 Management Plan	30,347.0	35,207.7	51,690.8	117,245.5
Salary Adjustment	108.6	16.1	(3.4)	121.3
One Time Item			(364.7)	(364.7)
Transfer In	1,527.9	381.6	1,340.1	3,249.6
Transfer Out	(1,527.9)	(381.6)	(1,340.1)	(3,249.6)
FY02 Adjusted Base	30,455.6	35,223.8	51,322.7	117,002.1
Fund Source Change	(17.9)	(242.7)	260.6	0.0
Increment	556.3	7,504.1	2,324.6	10,385.0
Decrement			(567.7)	(567.7)
FY02 Governor Request	30,994.0	42,485.2	53,340.2	126,819.4
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		820	885	66
FY02 Governor Request		856	904	139
Net Change		36	19	73
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FY02 Governor Capital Request	1,575.0	13,198.1	715.0	15,488.1

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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 appropriations: Human Rights Commission, Executive Operations, State Facilities Rent, Office of Management and Budget, Governmental Coordination and Elections.

SIGNIFICANT CHANGES

- An FY01 general fund appropriation (\$980,000) for contingencies has been backed out of the Executive Operations appropriation. The remaining request for contingency funding is \$410,000, the same level as in the FY01 Management Plan.
- Governmental Coordination requests an increment of \$8,350,000 in response to anticipated receipt of federal funds for Coastal Impact Assistance to oil producing states. The (Congressional) bill includes language that defines the distribution of these funds within the state and the qualified uses of the funds.
- Elections deletes an FY01 general fund increment of \$1,629,000 for costs associated with the FY01 statewide primary and general elections.
- Funding for the Office of International Trade is returned to the Department of Community and Economic Development.

ORGANIZATIONAL CHANGES

There were no significant organizational changes.

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Office of The Governor Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	16,769.2	3,415.3	615.7	20,800.2
Fiscal Note	422.4	0.2		422.6
Reappropriation	980.0			980.0
Special Appropriation	0.0			0.0
Salary Adjustment	160.5	14.7	262.9	438.1
Unallocated Reduction Spread	0.0			0.0
FY01 Authorized	18,332.1	3,430.2	878.6	22,640.9
Transfer In	17.0			17.0
Transfer Out	(17.0)			(17.0)
FY01 Management Plan	18,332.1	3,430.2	878.6	22,640.9
Salary Adjustment	97.4	6.8		104.2
One Time Item	(2,610.6)		(262.9)	(2,873.5)
Agency Transfer In	3.9			3.9
Agency Transfer Out	(404.8)		(615.7)	(1,020.5)
Transfer In	17.2			17.2
Transfer Out	(17.2)			(17.2)
FY02 Adjusted Base	15,418.0	3,437.0	0.0	18,855.0
Increment	118.8	8,350.0		8,468.8
Decrement		(24.4)		(24.4)
FY02 Governor Request	15,536.8	11,762.6	0.0	27,299.4
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		177	4	27
FY02 Governor Request		175	3	23
Net Change		(2)	(1)	(4)
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FY02 Governor Capital Request	887.8	10,000.0	0.0	10,887.8

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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 consists of entitlement programs, including the following formula programs: Alaska Temporary Assistance Program (ATAP), Adult Public Assistance (APA), General Relief Assistance (GRA), Medicaid, General Relief Medical, Foster Care and Subsidized Adoption/Guardianship. Also included in the department are the Permanent Fund Dividend and Alaska Longevity Bonus Hold Harmless programs.

SIGNIFICANT ISSUES

Legislative Fiscal Analyst Comment: The department has requested a number of “transfers” (especially from the Alaska Temporary Assistance Program) that reallocates money but not program responsibilities. These requests disguise what would be more accurately characterized as decrements and increments. You may review examples of this type of transaction in the Statewide Overview discussion in the Operating Budget Overview of this publication.

- Medicaid

Medicaid Services is requesting increments of nearly \$63 million (\$50,450.0 Federal Receipts and \$12,807.5 General Fund Match) for “base” Medicaid reimbursement services at projected levels for FY02.

Medicaid Pro-Share was approved as a new funding mechanism for Medicaid during the last legislative session. Through contractual agreements, Pro-Share “recycles” federal receipts through government-owned hospitals or nursing homes. This effectively allows the State to use non-general funds to collect additional federal revenues. The additional federal revenue frees-up general funds for other purposes. The legislature provided full funding for Medicaid in FY00 and allowed carry forward from FY00 into FY01. The Governor’s FY01 request was fully funded. The Pro-Share funding program generated surplus general funds that were used to fund employee labor costs.

Legislative Fiscal Analyst Comment: In addition to the \$63 million increment in section 1 of the bill, section 14 appropriates general funds to fill the gap if federal receipts fall below 59.8% of expenditures for Medicaid Services. See comments regarding section 14 in this document’s “Discussion of Language Sections of the Governor’s Operating Bill.”

- Beginning in FY02, \$10,053,100 (40%) of Alaska’s share of Tobacco Settlement Funds will be diverted to paying debt for school construction bonds as described in SB 281. In the Governor’s request, these Tobacco Settlement receipts are replaced with General Fund Match.

- Title XX-Social Services Block Grant

Language in the bill (section 27) appropriates not more than \$3,879,000 from the General Fund to the Social Services Block Grant (SSBG) if the SSBG falls short of estimated federal funding.

Legislative Fiscal Analyst Comment: The Social Services Block Grant (Title XX) was initiated by congressional action during the 1980’s through FY98. Revenue stabilized in the 90’s at approximately \$6.5 million but since then has slowly declined. Alaska uses this grant to pay for front line social workers. In addition to the language provision, there is a general fund transfer from TANF for \$3,171,700 to restore potential declines in SSBG funding. By transferring money in and performing a line item transfer, the agency avoids requesting an increment and fully funds 14 positions added in FY01. Please see the “Discussion of Language Sections of the Governor’s Operating Bill--FY02” in this Overview for more information.

- Front Line Social Workers

The Governor’s request for Front Line Social Workers includes increased personal services of \$2,156,500, a position adjustment making 14 non-permanent positions permanent full-time and an increase in contractual services of \$1,710,900. These requests are for the continuation of the two-year pilot Balloon Project that began in FY99. The balloon project provides funding for Division of Family & Youth Services and partner legal

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agencies to focus on moving children from the foster care system into permanent homes. Moving more children into permanent homes was expected to reduce caseloads for social workers and reduce foster care costs to the state.

Legislative Fiscal Analyst Comment: *In the prior year, the Balloon project funded non-permanent social workers through a special appropriation that ends June 30, 2001. In order to cover increased personal services and contractual costs, the Front Line Social Workers received a transfer from TANF of \$3,171,700. The transfer provides surplus funds without requesting increments and would be more appropriately characterized as a decrement in TANF with a request to retain the surplus within the department as an increment in Front Line Social Workers.*

- **Juvenile Justice Division**
The Juvenile Justice Division is requesting General Fund increments totaling \$3,111,900. The majority of the increments include annualized funding for newly opened or expanded McLaughlin, Mat-Su, and Ketchikan facilities.
- **State Health Services**
State Health Services is requesting \$15,995,500 in increments. Approximately \$12 million is Federal Receipts for the Community Health/Emergency Medical Services component for an Obesity Prevention & Control Program, to combat the problem of injuries to children in Alaska, and to improve access to basic primary and preventative health care services in rural Alaska. The remaining General Fund portion of the increment is largely for the Back to Basics-Infection Detection & Protection program (\$2,281.2) in the Nursing, Epidemiology, and Public Health components, and an increment in the Epidemiology component for the evaluation of environmental contaminants (\$200.0).
- **Division of Alcohol and Drug Abuse**
Alcohol and Drug Abuse Services is requesting an increment of nearly \$8 million in General Funds for the following:
 - ? stabilization and restoration of the Alcohol Safety Action Program (ASAP) (\$1,366.1) as part of an Alcohol Funding Initiative;
 - ? adult alcohol treatment and services expansion (\$2,000.0) by increasing outpatient and residential treatment capacity with a specific priority placed on individuals involved with the criminal justice system;
 - ? establish Juvenile Alcohol Safety Action Program assessment and referral (\$426.0);
 - ? juvenile alcohol treatment services expansion (\$1,010.5) with additional funding granted to local agencies to provide outpatient counseling services in all communities served by the Juvenile ASAP program statewide;
 - ? rural human services expansion (\$750.0) to provide assessment and referral services at the local level;
 - ? \$2 million fund change from federal and other revenues no longer available.

ORGANIZATIONAL CHANGES

- The Catastrophic and Chronic Illness Assistance (AS 47.08) has moved from its own appropriation to an allocation under Medicaid Services.
- The Children's Health Eligibility component under Medical Assistance Administration Budget Request Unit (BRU) has been joined with Medicaid Services component under Medical Assistance BRU. The significant changes to this component also remove it from being categorized as "formula funded".
- The Radiological Health component under State Health Services BRU has been joined with the Public Health Laboratories under the same BRU.
- The Federal Mental Health Projects component under Institutions and Administration BRU is transferring authority to various BRUs and components and the component will be deleted in FY02.

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Department of Health and Social Services Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	439,491.8	524,834.9	104,727.3	1,069,054.0
Fiscal Note	265.0	177.5	1,406.8	1,849.3
Reappropriation	3,072.5			3,072.5
Special Appropriation	11,102.7			11,102.7
Salary Adjustment	1,090.4	892.4	1,432.8	3,415.6
FY01 Authorized	455,022.4	525,904.8	107,566.9	1,088,494.1
Transfer In	2,482.5	999.0	854.6	4,336.1
Transfer Out	(2,482.5)	(999.0)	(854.6)	(4,336.1)
FY01 Management Plan	455,022.4	525,904.8	107,566.9	1,088,494.1
Salary Adjustment	(18.9)	(7.2)	(0.7)	(26.8)
One Time Item	(14,175.2)		(972.2)	(15,147.4)
Agency Transfer In	2.9			2.9
Transfer In	9,791.5	8,453.5	1,278.7	19,523.7
Transfer Out	(9,791.5)	(8,453.5)	(1,278.7)	(19,523.7)
Increment			788.0	788.0
FY02 Adjusted Base	440,831.2	525,897.6	107,382.0	1,074,110.8
Fund Source Change	4,848.8	(1,994.5)	(2,854.3)	0.0
Increment	48,307.8	68,422.4	3,939.1	120,669.3
Decrement	(1,028.3)	(1,143.3)	(5,452.3)	(7,623.9)
FY02 Governor Request	496,838.5	591,182.2	103,014.5	1,191,035.2
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		2,193	56	12
FY02 Governor Request		2,381	59	26
Net Change		188	3	14
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FY02 Governor Capital Request	4,034.7	2,788.4	2,274.8	9,097.9

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Department of Labor and Workforce Development

The Department of Labor and Workforce Development provides employment services, administers Unemployment Insurance, Workers' Compensation, and Fishermen's Fund programs and enforces laws and regulations pertaining to work hours, wages and job safety. 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 is requesting a net increase of \$4.4 million above the FY01 Management Plan level. General Fund reductions net (\$737.7) agency wide are attributable primarily to fund source changes to Workers' Safety funds. Increased Federal Receipts total \$4,319.7 and Other Fund increments total \$773.9 agency wide.

- Job Training Programs -- \$2,904.7 Federal Receipts
Three budget components are consolidated into the new Job Training Programs component. The requested increment in Federal Receipts is to provide authorization to fully expend federal funding anticipated to be carried forward from FY01 to FY02 from the Denali Commission, Welfare to Work (WtW), Workforce Investment Act (WIA), and Job Training Partnership Act (JTPA) programs. \$400,000 of the additional authorization is required because the actual grant amounts were greater than authorized in FY01. \$2,200,000 of the request is to formalize RSA's that have been unbudgeted in previous years.

These increments of federal authorization are requested as transfers from Employment Services and Unemployment Insurance rather than decrements in these components and increments in Job Training Programs. The federal authorization is available for transfer because a change in grant distribution for Trade Adjustment Assistance (TAA) and North America Free Trade Assistance (NAFTA) reduced the need for federal funds in those programs. A change in the spending plan on the Unemployment Insurance tax redesign project where more expenditures will be charged to an existing capital project authorization (sec. 100, Ch2, FSSLA 1999) also freed up federal authorization in the operating budget.

- Vocational Rehabilitation Special Projects -- \$540.0 Federal Receipts
This request is for authorization to expend receipts for the new Federal Work Incentive grant and includes three non-permanent positions to complete the functions of the grant through fiscal year 2004. Terms of collective bargaining require long-term non-permanent positions to be made permanent.
- Vocational Rehabilitation Special Projects -- \$750.0 Federal Access to Alaska grant
The division applied for this grant in February 2000 to ensure that Alaska is accessible to all individuals. The project will target the tourism industry. Three non-permanent positions are requested to complete the scope of the three-year grant.
- Labor Market Information -- \$300.0 I/A Receipts
The requested increments of Inter-agency Receipts for statistical research projects also include five new research positions to conduct work requested by other agencies. The request for five positions is based on workload for specific special projects. One position is directly federally funded and is expected to be long-term. Two positions are funded with Federal Receipts provided by other agencies/divisions. Two positions' funding sources are uncertain at this time, but are based on current workload. If funds are not received, the two positions will not be filled.
- Workers' Compensation -- \$684.4
- Occupational Safety and Health -- \$315.6
The Workers' Compensation and Occupational Safety and Health components request fund source changes from General Funds to Workers' Safety Funds as a result of HB 378 (Ch 89, SLA 2000) passed last session.

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- Workers' Compensation -- \$316.0 Second Injury Fund

Legislative Fiscal Analyst Comment: *An agency note describing the requested increment of Second Injury Fund authorization stated that the department anticipated that the Second Injury Fund balance is sufficient to cover this increment. State accounting system reports show FY00 actual expenditures slightly greater than the amount of revenues collected in FY00. The Second Injury Fund is funded by contributions paid by insurance companies (indirectly by employers through premiums paid to the insurance companies). The contribution rate for calendar year 2000 was set at 5% of total compensation paid. The contribution rate for calendar year 2001 has already been established at 6% of total compensation paid. The 6% contribution rate is the maximum rate allowed by AS 23.30.040(b).*

ORGANIZATIONAL CHANGES

- The Work Services component is consolidated with the Employment Services component to combine efforts in uniting unemployed clients and employers. Work Services focuses on providing services to Alaska Temporary Assistance Program (ATAP) and food stamp clients with funding provided from the Department of Health and Social Services. Employment Services focuses on providing services to employers and jobseekers in general.
- Jobs Training Partnership Act (JTPA), Statewide Service Delivery, and State Training and Employment Program (STEP) is consolidated into one new component called Job Training Programs.

Legislative Fiscal Analyst Comment: *In the course of reorganization, excess federal authorization is transferred to components where shortfalls may occur and Inter/Agency Receipt authorization is decreased where funding is no longer required to be RSAed to other components.*

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Department of Labor and Workforce Development Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	12,701.9	76,991.7	16,716.7	106,410.3
Fiscal Note	269.9	15.3	6,057.1	6,342.3
Salary Adjustment	99.2	929.1	298.8	1,327.1
FY01 Authorized	13,071.0	77,936.1	23,072.6	114,079.7
Transfer In		3,263.8	140.0	3,403.8
Transfer Out		(3,263.8)	(140.0)	(3,403.8)
FY01 Management Plan	13,071.0	77,936.1	23,072.6	114,079.7
Salary Adjustment	16.7	(15.5)	1.0	2.2
One Time Item			(6,159.2)	(6,159.2)
Agency Transfer In	17.4			17.4
Transfer In	670.8	25,572.7	9,877.6	36,121.1
Transfer Out	(670.8)	(25,572.7)	(9,877.6)	(36,121.1)
Increment			6,053.8	6,053.8
FY02 Adjusted Base	13,105.1	77,920.6	22,968.2	113,993.9
Fund Source Change	(1,000.0)		1,000.0	0.0
Increment	233.1	4,623.1	931.0	5,787.2
Decrement	(0.9)	(287.9)	(1,052.7)	(1,341.5)
FY02 Governor Request	12,337.3	82,255.8	23,846.5	118,439.6
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		748	93	45
FY02 Governor Request		793	70	10
Net Change		45	(23)	(35)
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FY02 Governor Capital Request	150.0	100.0	0.0	250.0

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Department of Law

The Department of Law is responsible for public protection through enforcing unfair trade practice and antitrust laws, prosecuting violators of state criminal laws, representing the state in legal actions, providing legal services in the resolution of tax and royalty disputes, and providing legal services for extraordinary proceedings such as oil and gas litigation. The department also advises state agencies in areas of legal concern, including promulgating regulations and drafting legislation.

SIGNIFICANT CHANGES

- **Criminal Division**
The Criminal Justice Litigation component requests an increment of \$156,700 (\$117,500 General Funds and \$39,200 Inter/Agency (I/A) Receipts) to continue the Volunteer Coordinator Program. Coordinators are paid a stipend and provided training to assist the department in helping victims and witnesses of domestic violence.
- **Civil Division**
The Civil Division requests a total of \$1,217,000: \$477,000 in General Funds, \$740,400 in I/A Receipts for nine positions and associated costs.
 - ? The Collections and Support component requests \$250,000 in General Funds for two positions for the Victim Restitution Project which would allow the component to collect restitution on behalf of crime victims.
 - ? The Governmental Affairs Section requests \$90,000 in General Funds for one position associate attorney to assist staff attorneys process cases more efficiently.
 - ? The Human Services Section requests \$137,000 in General Funds for one juvenile delinquency attorney to help handle the increasing caseload of juvenile offenders.
 - ? The Fair Business Practices component requests \$230,000 in I/A receipts for one attorney, one paralegal assistant and one secretary to handle the increased licensing and discipline caseload.
 - ? The Human Services Section requests \$297,800 in I/A Receipts to make two temporary attorney positions permanent that are funded through the Balloon Project. This is a pilot program funded through the Department of Health and Social Services to reduce the backlog of cases involving children in out-of-home care.
 - ? The Special Litigation component requests \$137,000 in I/A Receipts to fund one attorney to assist with the substantial increase in workload handling workers' compensation issues.
 - ? The Transportation Section requests \$75,600 in I/A Receipts from the International Airports fund for one attorney to undertake the expanding workload associated with the Ted Stevens Anchorage International Airport expansion and renovation.
- **Administration and Support**
The Administration and Support budget request unit requests \$43,500 in I/A Receipts for one accounting clerk position. This position will be responsible for monitoring restitution receipts and payments.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Law Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	24,987.3	476.1	17,942.9	43,406.3
Fiscal Note	20.4	0.1	3.7	24.2
Reappropriation	725.2		325.0	1,050.2
Salary Adjustment	244.9	7.4	446.8	699.1
FY01 Authorized	25,977.8	483.6	18,718.4	45,179.8
Transfer In	90.2		27.1	117.3
Transfer Out	(90.2)		(27.1)	(117.3)
FY01 Management Plan	25,977.8	483.6	18,718.4	45,179.8
Salary Adjustment	(104.2)	(3.2)	(85.2)	(192.6)
One Time Item	(725.2)		(484.5)	(1,209.7)
Transfer In	72.2			72.2
Transfer Out	(72.2)			(72.2)
FY02 Adjusted Base	25,148.4	480.4	18,148.7	43,777.5
Fund Source Change			0.0	0.0
Increment	756.8		823.1	1,579.9
FY02 Governor Request	25,905.2	480.4	18,971.8	45,357.4
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		450	16	0
FY02 Governor Request		459	17	1
Net Change		9	1	1
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FY02 Governor Capital Request	0.0	0.0	0.0	0.0

legislative fiscal analyst overview of the governor's FY02 request

Department of Military and Veterans' Affairs

The Department of Military and Veterans' Affairs is responsible for the State's military operations, disaster planning and control, and veterans' programs. In addition, it operates the Alaska Military Youth Academy, which provides a military style high school for "at risk" youth.

SIGNIFICANT CHANGES

- The Governor's request for FY02 is \$2,304,800 (8.3%) above the FY01 Management Plan. The General Fund request is \$1,127,800 (14.5%) above the FY01 Management Plan. Most of this increase can be attributed to various components in the Alaska National Guard.
- The Disaster Planning & Control component requests an increment of \$200,000 in General Funds to expand its State Emergency Coordination Center to a 24-hour operation. This funding would pay for four additional employees and is expected to eliminate a 2-hour delay in response time for emergencies that occur after work hours.
- The Army Guard Facilities Maintenance component is asking for an increment of \$68,900 in G/F Match and \$206,700 in Federal Receipts to fund an expected increase in utility and operating expenditures for Camp Denali's new Combined Support Maintenance Site. This facility is 40,000-sq. ft. larger than the old facility with an expected increase in operation costs of approximately 66 percent.
- The Air Guard Facilities Maintenance component is requesting several increments. An increment of \$76,600 in General Funds and \$229,800 in Federal Funds is requested to fund an increase in operations and maintenance due to two new facilities, both located at Kulis Air National Guard Base, which will come online during FY02. In addition, DMVA has requested an increment in GF/Match to replace Investment Loss Trust Fund that was used in FY01 to match federal funds that support the maintenance and operation expenses of the Kulis Air National Guard Facilities.
- The State Active Duty component is requesting an increment of \$107,000 in General Funds for a Rural Affairs Coordinator Program. This program uses a team of Guard and DMVA key personnel to foster a positive attitude in rural Alaska toward the Alaska Army National Guard. Part of this funding, \$16,300, will support the Regimental Sergeants' pay, and \$34,000 will pay for an additional administrative support position. Travel, supplies, and other services support for the program is \$56,700.

The State Active Duty component is also requesting an increment of \$205,000 in Statutory Designated Program Receipts to enable DMVA to act as the centralized billing point through which all costs generated by the Army National Guard will be run through the State's accounting system. Though this increase will raise the apparent size of the budget, the additional funding will be passed through to the federal government and there is no impact to the general fund as a result of this change.

- The Alaska Military Youth Academy (AMYA) has requested a General Fund increment of \$301,500 to fund the projected conversion cost from AMYA's exempt employee status to classified service. This cost of conversion is estimated to be \$161,500 per year. Employees will now be eligible for shift differential, over-time after 37.5 hours, and standby time. The additional \$140,000 will be used to hire additional dining facility staff to eliminate the need for overtime and the use of temporary hires. AMYA also is requesting an increment of \$189,500 in SDPR from the Municipality of Anchorage to fund the Federal Workforce Investment Act Program. This funding continues the program approved by the LB&A Committee at the December 6, 2000, meeting.

AMYA is requesting I/A receipt increments of \$188,900 to fund an expected increase in Alyeska Central School contributions from the Department of Education and Early Development and \$125,000 for an apprentice training program. This program will mesh with the Cooperative Work Experience Program currently in place at the Academy. Students will be able to enter a specific apprentice program while at AMYA and, upon graduation, immediately continue into that career field that they have chosen.

- The Educational Benefits component requests an increment of \$100,000 in General Funds for State tuition assistance for continuing education.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Military and Veterans' Affairs Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	7,689.2	24,804.1	3,908.5	36,401.8
Fiscal Note	3.2	4.8	0.9	8.9
Salary Adjustment	63.3	192.8	93.1	349.2
FY01 Authorized	7,755.7	25,001.7	4,002.5	36,759.9
Salary Adjustment	(8.8)	(22.4)	10.8	(20.4)
One Time Item			(131.8)	(131.8)
FY01 Management Plan	7,755.7	25,001.7	4,002.5	36,759.9
FY02 Adjusted Base	7,746.9	24,979.3	3,881.5	36,607.7
Fund Source Change	0.0			0.0
Increment	1,136.6	963.7	903.4	3,003.7
Decrement		(290.0)	(256.7)	(546.7)
FY02 Governor Request	8,883.5	25,653.0	4,528.2	39,064.7

Position Summary	PFT	PPT	Tmp
FY01 Authorized	222	1	5
FY02 Governor Request	248	5	8
Net Change	26	4	3

FY02 Governor Capital Request	672.3	3,254.4	0.0	3,926.7
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legislative fiscal analyst overview of the governor's FY02 request

Department of Natural Resources

The Department of Natural Resources manages the State of Alaska's land, water, forests, grasslands, petroleum, minerals, parks, agriculture programs, and related development activities. The mission of the department is to develop, conserve, and enhance renewable and non-renewable natural resources for present and future Alaskans.

SIGNIFICANT CHANGES

- The Department of Natural Resources' (DNR) total request is \$4,489,100 above the Department's FY01 Management Plan. The General Fund request is \$1,793,100 more than that which was in the FY01 Management Plan.
- The Oil and Gas Development component is requesting an increment of \$400,000 in General Funds. A portion of these funds (\$200,000) will be used to fill two vacant positions and a newly created Analyst/Programmer IV position. The remaining \$200,000 will be used to acquire data from permittees, hire a consultant, purchase, maintain and update computer software and equipment, acquire needed technology, and employees' travel.
- The Water Development Component contends that there is insufficient staff to conduct the program required by statute. DNR proposes a three-part solution:
 - Replace full adjudication with a brief review (for lower levels of water usage).
 - Increase staff to run the water use program. An increment of \$300,000 in General Funds will cover the cost of two Natural Resource Officer I positions, two Natural Resource II positions, and one Administrative Clerk II position, as well as other associated costs.
 - Establish a user fee system that could totally replace the general funds for this program. If approved, the system is expected to be in place by FY03.
- The Information Resource Management component is requesting \$250,000 in CIP receipts for a Mineral Information At Risk project and a Land Use Database System. A new state-federal on-line information system for the mining industry will be created which will provide better access to DNR's information for its resource-based customers. This funding is also expected to increase staff productivity by eliminating labor intensive steps through automation.
- The Forest Management and Development component is requesting an increment of \$280,000 in Timber Receipts. *Please see the "Discussion of Language Sections of the Governor's Operating Bill--FY02" in this Overview for more information on Timber Receipts.*
- The Land Sales & Municipal Entitlements component is requesting a \$248,000 increment in the State Land Disposal Income Fund for survey costs for new subdivisions. This funding is noted in the second year of the fiscal note for SB 283 (Ch 63, SLA 2000).
- The Parks Management component is requesting an increment of \$160,000 in General Funds for increased routine annual maintenance in the Wood-Tikchik State Park, which is the largest state park in America. It will also fund an additional Park Ranger (there is presently one seasonal Park Ranger).
- The Fire Suppression component is requesting \$350,000 in General Funds to add a Mobile Initial Attack Force to the division's fire program. Most of these funds would be used to hire 20 permanent part-time positions, who can work as an organized crew, or be split into small groups and positioned in various areas of the state during periods of high fire danger. *For more information on federal receipts received for fire suppression, please see the "Discussion of Language Sections of the Governor's Operating Bill--FY02" in this Overview.*

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Natural Resources Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	36,437.3	11,065.5	17,135.8	64,638.6
Fiscal Note	662.8	2.9	3,851.4	4,517.1
Governor Veto			(1,727.0)	(1,727.0)
Special Appropriation			50.0	50.0
Salary Adjustment	342.5	63.8	599.2	1,005.5
Fund Source Change	(145.8)		145.8	0.0
FY01 Authorized	37,296.8	11,132.2	20,055.2	68,484.2
FY01 Management Plan	37,296.8	11,132.2	20,055.2	68,484.2
Salary Adjustment	74.3	10.5	37.0	121.8
One Time Item	(2.0)		(418.6)	(420.6)
FY02 Adjusted Base	37,369.1	11,142.7	19,673.6	68,185.4
Language Estimate	0.0	2,000.0	0.0	2,000.0
Increment	1,700.6	348.0	1,336.3	3,384.9
Decrement	(14.8)	(275.5)	(341.7)	(632.0)
FY02 Governor Request	39,089.9	13,215.2	20,668.2	72,973.3

Position Summary	PFT	PPT	Tmp
FY01 Authorized	556	237	79
FY02 Governor Request	581	257	93
Net Change	25	20	14

FY02 Governor Capital Request	5,629.6	11,390.0	1,495.0	18,514.6
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legislative fiscal analyst overview of the governor's FY02 request

Department of Public Safety

The Department of Public Safety is Alaska's primary law enforcement agency for federal, state, and local laws. The mandate of the department is to prevent loss of life and property as a result of illegal or unsafe acts. The department enforces criminal laws, traffic laws, and state fish and game regulations, and provides public protection programs for fire and traffic safety. Public Safety also serves as the umbrella agency for the Council on Domestic Violence and Sexual Assault, the Violent Crimes Compensation Board, the Alaska Police Standards Council, and the Alaska Fire Standards Council.

SIGNIFICANT CHANGES

- The department requests increments totaling \$4,288,000 in General Funds for twenty-eight new state troopers and associated costs. \$1,600,000 for ten new troopers in Fish and Wildlife Protection would provide year-round enforcement of commercial and sport fisheries as well as big game hunting areas. The Alaska State Trooper (AST) Detachment requests \$1,600,000 for ten new troopers located statewide and \$838,000 for eight new troopers for the Constable Program. The AST Detachment also requests \$150,000 for recruitment for these positions and \$100,000 for three new trooper vehicles.

Legislative Fiscal Analyst Comment: The Enforcement and Investigative Services Unit of Fish and Wildlife Protection requests an additional \$150,000 in general funds to replace an anticipated shortfall in Fish and Game Fund receipts.

- Fire Prevention requests an increment of \$205,000 in Receipt Supported Services for three new positions and associated costs. This increment will allow Fire Prevention to utilize excess revenues from building plan reviews to increase both public service and fire safety throughout Alaska.
- The Search and Rescue component requests \$350,000 in General Funds for avalanche public education and training, search and rescue equipment, and a pilot avalanche information network system study.
- Village Public Safety Officer Program (VPSO) requests \$828,500 in General Funds to increase the base salary of VPSOs by 15% and an increment of \$1,152,100 to add 20 new VPSO positions. There is also an increment request of \$60,400 in General Funds for agency support costs associated with these new positions.

Legislative Fiscal Analyst Comment: The VPSO Program has requested a salary increase since FY99.

- The Council on Domestic Violence and Sexual Assault (CDVSA) requests \$500,000 in PFD Funds to support programs which provide assistance with long range safety planning, securing employment, additional legal information and obtaining housing, food stamps and childcare.
- CDVSA BRU also requests \$450,000 in Federal Receipt Authority under the Violence Against Women Act (VAWA) to provide assistance to battered women and provide training for law enforcement officials.

Legislative Fiscal Analyst Comment: An RPL in FY96 approved \$426,400 in Federal Receipt Authority that have been part of the base since then. The department received an additional \$427,000 in Federal Receipt Authorization through an RPL for FY01 on December 6, 2000, for a sixth year of funding. Since there was never a decrement to reduce funding at the end of the original first six-year program, funding for this program for FY02 would total \$876,400.

- The Laboratory Services BRU requests \$250,000 in General Funds to fill three existing positions and add two new positions to handle the increased workload and growing backlog related to processing forensic evidence.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Public Safety Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	75,957.4	9,016.2	12,506.0	97,479.6
Fiscal Note	(1,412.5)	1.9	2,083.4	672.8
Salary Adjustment	619.4	30.1	485.6	1,135.1
Fund Source Change	(4.8)		4.8	0.0
FY01 Authorized	75,159.5	9,048.2	15,079.8	99,287.5
Transfer In	10.3			10.3
Transfer Out	(10.3)			(10.3)
FY01 Management Plan	75,159.5	9,048.2	15,079.8	99,287.5
Salary Adjustment	(48.0)	(10.6)	(7.5)	(66.1)
One Time Item	(15.0)		(475.9)	(490.9)
Agency Transfer In	24.3			24.3
Transfer In		16.0	105.0	121.0
Transfer Out		(16.0)	(105.0)	(121.0)
FY02 Adjusted Base	75,120.8	9,037.6	14,596.4	98,754.8
Fund Source Change	149.6		(149.6)	0.0
Increment	7,512.8	570.0	1,362.4	9,445.2
Decrement		(187.8)	(52.5)	(240.3)
FY02 Governor Request	82,783.2	9,419.8	15,756.7	107,959.7

Position Summary	PFT	PPT	Tmp
FY01 Authorized	719	22	1
FY02 Governor Request	758	20	1
Net Change	39	(2)	0

FY02 Governor Capital Request	6,610.7	1,250.0	50.0	7,910.7
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legislative fiscal analyst overview of the governor's FY02 request

Department of Revenue

The Department of Revenue's responsibilities include administration and enforcement of Alaska's tax laws, investment of most state funds, collection of fees and taxes and operation of the child support enforcement, charitable gaming, debt management and Permanent Fund Dividend programs. The Department of Revenue also provides support and financial advice to the following boards and authorities: the Municipal Bond Bank Authority, State Bond Committee, Royalty Oil and Gas Advisory Board, Medical Facilities Authorities, Permanent Fund Corporation, Alaska Mental Health Trust Authority, Alcoholic Beverage Control Board, Alaska Housing Finance Corporation, State Assessment Review Board, Alaska Gas Pipeline Financing Authority, Alaska State Pension Investment Board and the Public School Fund Advisory Board.

SIGNIFICANT CHANGES

- The Governor's request for FY02 is \$6,372,400 greater than the FY01 Management Plan. This includes a decrease in general funds of \$96,100 and increases in federal and other funding of \$1,212,200 and \$5,256,300, respectively.
- The Child Support Enforcement Division (CSED) is requesting increments of federal receipt authority in the amounts of \$277,800 and \$59,300. \$277,800 will be collected under Title IV-D of the Social Security Act through a IV-D State Plan called the Pro Se Project. CSED, designated as the agency to receive all eligible expenditures under the federal provisions of the plan, will pass the majority of these funds (\$188,100) to the Alaska Court System for their part in the project. The remaining \$89,100 will be used by CSED to improve the KIDS automated child support phone system. Likewise, increased authority is needed to expend \$59,300 remaining of the Federal Access & Visitation Grant that is passed through to the court system for the program's administration. Furthermore, section 10 (language) appropriates any additional amount of general funds necessary to match and receive all expected federal receipts.
- The Municipal Bond Bank Authority is requesting authority to expend an additional \$58,000 in Municipal Bond Bank Receipts for increased costs associated with increased bond offerings.
- The Alaska Housing Finance Corporation (AHFC) is requesting an additional \$2,518,000 of expenditure authority. Three new positions and \$300,000 of federal receipts will be used to administer 370 new Section 8 Vouchers. \$724,400 of federal receipts will be used to administer the Conventional Low Rent Program. Two new positions and \$129,000 of AHFC receipts will be used to monitor projects in the HOME and Tax Credit programs. \$357,200 of federal, AHFC and CIP receipts will be used to restructure the salary schedule. \$462,000 of AHFC receipts will be used to continue funding of the Alaska Association Housing Authority (AAHA), the Rural Alaskan Sanitation Coalition, and the Cooperative Extension Service Energy Education workshops, all previously funded in the Capital Budget. \$370,100 of federal and AHFC receipts will be used for increases in fixed costs associated with insurance, leases/rent, computer/software maintenance, postage, advertising, and public notices.
- The Alaska Permanent Fund Corporation is requesting a reduction of \$447,900 in Permanent Fund Corporate Receipt authority. Previously this funding had been used to improve information technology systems. Adequate systems are now in place and the funding is no longer needed.
- The Treasury Management Division is requesting \$128,700 of additional expenditure authority for a position to audit the Unclaimed Property Holders Compliance Program, and for a new accounting position to monitor compliance. \$81,400 of the request is General Funds. An additional \$62,500 of Power Cost Equalization (PCE) funds is needed for investment management fees associated with managing the PCE fund.

Legislative Fiscal Analyst Comment: In the Governor's request, both language and numbers sections contain an appropriation for the investment management fees of the Constitutional Budget Reserve (CBR). A double appropriation is unnecessary.

- The Alaska State Pension Investment Board (ASPIB) Custody and Management Fee component is requesting an additional \$4,500,000 from various retirement account funds for increased management fees associated with the growth of the funds. The last such increment request was in FY98.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Department of Revenue Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	11,429.0	33,195.9	115,500.1	160,125.0
Fiscal Note	394.3	574.5	243.6	1,212.4
Special Appropriation	288.7	446.1	125.0	859.8
Salary Adjustment	1.4	598.0	686.1	1,285.5
FY01 Authorized	12,113.4	34,814.5	116,554.8	163,482.7
FY01 Management Plan	12,113.4	34,814.5	116,554.8	163,482.7
Salary Adjustment	(36.8)	2.1	85.5	50.8
One Time Item	(362.2)	(446.1)	(239.6)	(1,047.9)
Transfer In	161.4			161.4
Transfer Out	(161.4)			(161.4)
FY02 Adjusted Base	11,714.4	34,370.5	116,400.7	162,485.6
	0.0			
Fund Source Change		40.5	(40.5)	0.0
Increment	302.9	1,615.7	5,898.8	7,817.4
Decrement			(447.9)	(447.9)
FY02 Governor Request	12,017.3	36,026.7	121,811.1	169,855.1
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		787	26	55
FY02 Governor Request		810	25	57
Net Change		23	(1)	2
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FY02 Governor Capital Request	1,020.0	16,330.0	23,225.2	40,575.2

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legislative fiscal analyst overview of the governor's FY02 request

Department of Transportation & Public Facilities

The Department of Transportation and Public Facilities is responsible for the planning, design, construction, operation, and maintenance of the state's transportation and public facility infrastructure, including: highways and ferries; airports, airstrips, and seaplane facilities; harbors, jetties, dikes, and breakwaters; and buildings. The Department also bears responsibility for enforcement of commercial vehicle standards and testing and certification of weight and measurement devices used in commercial transactions.

SIGNIFICANT CHANGES

- The Governor's request for FY02 is \$3,405,900 greater than the FY01 Management Plan. This includes a net increase in general fund spending of \$1,347,300. Federal fund spending decreases \$55,700, and other fund spending increases \$2,114,300.
- General fund increments total \$664,900. \$464,900 of this amount is to replace one-time funding used in the FY01 labor cost increases (Ch. 1, TSSLA 2000). Total salary increases for FY01 amounted to \$5,064,900. Funding for year two of the agreement totals \$4,044,500, a net change of minus \$1,020,400 (including \$340,000 GF)
- Net funding changes, from other funds to general funds, amount to an increase of \$2,006,100 in general fund spending. This is not apparent in the total general fund change from the FY01 Management Plan, due to an agency transfer to the Department of Administration State Owned Facilities BRU (-\$982,800 GF) for the state facilities rent pool.
- Agency-wide, funding for personal services increases \$5,251,000 from the FY01 Management Plan. A good portion of this, \$1,706.6 million, is moved from the contractual line. Overall, contractual spending decreases \$2,140,100.
- \$2,003,400 of additional Capital Improvement Project (CIP) Receipt authority is being requested to better account for indirect costs associated with federal capital projects in the capital bill. These costs may have been incorrectly accounted for in the past as direct costs of the projects. These increments move the authorization from capital projects to the operating budget. These increments occur throughout the department's many components.
- An additional \$3,583,200 of CIP receipt authority is requested to fund increases in Engineer's pay resulting from a classification study that is intended to improve engineer retention and recruitment. These increments also occur throughout the department's many components.
- Decrements total \$2,399,400. This includes a reduction of \$884,100 of Public Building Funds and \$1,515,300 of inter-agency receipt authority. The reductions are requested because of expected lower fuel costs for FY02 and the transfer of statewide facilities responsibility to the Department of Administration.
- The Statewide Planning component is reclassifying two temporary employees to full-time for accident data collection and geographic information system mapping. An additional \$89,200 of CIP Receipt authority is requested for the time status change.
- The Measurement Standards & Commercial Vehicle Enforcement component is requesting \$190,300 and 4 full-time positions. \$34,800 of Receipt Supported Services authority will fund a clerk to meet the increasing clerical workload. \$52,900 of CIP Receipt authority will fund a commercial vehicle enforcement officer to perform motor carrier compliance reviews. \$52,900 of CIP Receipt authority will fund a measurement inspector to work with the National Marine Fisheries Service. \$49,700 of CIP Receipt authority will fund a planner position to manage various Commercial Vehicle Information & Network projects. Additional CIP Receipt authority of \$246,000 will allow reclassification of weigh station officers to commercial vehicle enforcement officers.
- Central Region Highways and Aviation is requesting \$50,000 of general funds for increased rural airport maintenance costs. \$528,600 in Highway Working Capital funds and \$350,000 of Oil and Hazardous Response funds are requested to be replaced with general funds.

legislative fiscal analyst overview of the governor's FY02 request

- Northern Region Highways and Aviation is requesting a fund change of \$131,300 of public building funds to general funds for road openings and maintenance in the spring. An increment of \$125,000 in general funds is also requested to cover increased rural airport maintenance costs.
- Southeast Region Highways and Aviation is requesting an additional \$54,500 of Statutory Designated Program Receipt authority to maintain 20-hour daily service at the Sitka airport. This amount was approved as an RPL (December 6, 2000, LB&A meeting) for the department to maintain the 20-hour service through FY01. This should give them adequate receipt authority for all of FY02.
- The International Airport Systems Office is adding one accountant to help monitor construction funds. An increment of \$76,000 of International Airport Revenue Funds (IARF) is requested to fund this position.
- The Ted Stevens Anchorage International Airport (AIA) is requesting a net increase of nine positions, and an additional \$322,000 of IARF to fund the positions. AIA Administration is requesting an additional \$209,500 IARF for DOA charge-back increases and to fund increased contractual service with the Department of Law. AIA Facilities is requesting \$100,000 IARF to contract for more frequent cleaning and maintenance of the air filtration system in the terminal.
- The Fairbanks International Airport (FIA) Administration component is requesting \$53,700 IARF to fund a leasing officer on a full-time basis. \$39,500 of additional IARF will be used to fund increased contractual service with the Department of Law, and increased Information Technology Group charge-back costs. FIA Facilities is requesting an additional \$68,400 IARF for the soon to be constructed maintenance facilities' electrical and heating costs. An increment of \$75,000 IARF will allow for a position upgrade from part-time to fulltime to maintain and repair new runway electrical systems. The FIA Field and Equipment Maintenance component is requesting \$185,700 IARF to extend working months for 5 existing equipment operators, \$88,500 IARF to add 2 new seasonal equipment operators, and \$29,000 IARF for runway deicing and sanding supplies. The FIA Operations component is requesting \$78,400 IARF for 2 additional positions for the communications center.
- The Alaska Marine Highway System (AMHS) Vessel Operations Management component is requesting \$50,000 of Marine Highway funds to support the International Safety Management Program. An additional \$125,000 of Marine Highway funds will allow for a new administrative manager. AMHS Southwest Shore Operations is requesting an additional \$90,000 for long-shoring costs associated with additional trips by the Kennicott to Southwest Alaska, and to fund a seasonal position at the Whittier terminal. AMHS Reservations and Marketing is requesting an additional \$200,000 of Marine Highway funds to support an increased marketing effort.

ORGANIZATIONAL CHANGES

- Southeast Region Facilities is transferring 14 positions and \$1,415,600 to the Department of Administration Facilities component for the administration of the state facilities rent pool. A decrement of \$1,515,300 of inter-agency receipt authority is also requested as a direct result of the transfer of the facilities rent pool responsibility.
- The Central, Northern, and Southeast Region Highways and Aviation appropriations have been combined under one appropriation called Highways and Aviation. Each region is now an allocation of this appropriation.
- The Whittier Access and Tunnel appropriation has been eliminated and all of the funding and positions have been added to the Central Region Highways and Aviation component. Prior to this distribution, \$100,000 of Public Building funds will be supplanted with general funds.
- The Statewide Highways Snowplowing and Winter Maintenance appropriation has been eliminated and all of the funding has been added to the Northern Region Highways and Aviation component.
- The Statewide Highways and Aviation Maintenance Needs appropriation has been eliminated and all of the funding has been added to the corresponding regional Highways and Aviation, Support Services, and Facilities components. Prior to this distribution, \$971,400 of Highway Equipment Working Capital funds will be supplanted with general funds. This will amount to a redistribution of \$1,471,400 in general funds.

legislative fiscal analyst overview of the governor's FY02 request

Department of Transportation & Public Facilities Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	99,734.9	1,678.2	216,384.7	317,797.8
Fiscal Note	(3,611.4)	1.1	3,836.9	226.6
Special Appropriation			0.0	0.0
Salary Adjustment	605.5	13.0	4,446.4	5,064.9
Fund Source Change	(1.5)		1.5	0.0
FY01 Authorized	96,727.5	1,692.3	224,669.5	323,089.3
Transfer In	57.6		80.0	137.6
Transfer Out	(57.6)		(80.0)	(137.6)
FY01 Management Plan	96,727.5	1,692.3	224,669.5	323,089.3
Salary Adjustment	(340.9)	(5.3)	(674.2)	(1,020.4)
One Time Item			(464.9)	(464.9)
Agency Transfer Out	(982.8)		(432.8)	(1,415.6)
Transfer In	357.6		1,125.0	1,482.6
Transfer Out	(357.6)		(1,125.0)	(1,482.6)
FY02 Adjusted Base	95,403.8	1,687.0	223,097.6	320,188.4
Transfer In	1,471.4			1,471.4
Transfer Out	(1,471.4)			(1,471.4)
Fund Source Change	2,006.1	(50.4)	(1,955.7)	0.0
Increment	664.9		8,041.3	8,706.2
Decrement			(2,399.4)	(2,399.4)
FY02 Governor Request	98,074.8	1,636.6	226,783.8	326,495.2
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		2,822	632	1
FY02 Governor Request		2,867	633	9
Net Change		45	1	8
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FY02 Governor Capital Request	62,241.7	591,698.3	176,144.9	830,084.9

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legislative fiscal analyst overview of the governor's FY02 request

University of Alaska

The major task of the University is to provide Alaska residents with high quality academic and technical programs. The FY02 budget has been developed around four major themes: Maintaining a Solid Foundation, Attracting and Retaining Alaska's Students, Meeting Alaska's Employment Needs, and Preparing for Alaska's Economic Success. The University of Alaska has regional centers in Anchorage, Fairbanks and Juneau. The university centers are responsible for the colleges and extension centers located throughout the state. The only community college separately accredited is the Prince William Sound Community College.

SIGNIFICANT CHANGES

- The Board of Regents' FY02 request totals \$555,755,500 (of which \$202,990,800 is general funds). This request is \$40,998,900 (\$18,853,900 general funds and \$22,145,000 non-GF) above FY01 authorized funding levels. The Governor's budget includes all increments approved by the Board of Regents. Non-GF funding includes federal receipts and multiple University funds.

The University's increment requests can be divided by program area as follows:

Program Initiative	Total Funds	General Fund	Non-GF
Maintaining a Solid Foundation	\$24,264,800	\$9,185,300	\$ 15,079,500
Attracting and Retaining Alaska's Students	3,038,200	988,200	2,050,000
Meeting Alaska's Employment Needs	13,401,900	4,155,300	9,246,600
Preparing for Alaska's Economic Success	<u>11,715,100</u>	<u>2,525,100</u>	<u>9,190,000</u>
TOTALS	<u>\$52,420,000</u>	<u>\$16,853,900</u>	<u>\$35,566,100</u>

Legislative Fiscal Analyst Comment: As with other agencies, the University's request did not back out reappropriations (from K-12 Support) and other special appropriations (from ACPE Dividends) from nonrepeatable fund sources. LFD has removed nonrepeatable funds from the FY02 Adjusted Base and added increments to the Governor's Request to highlight these transactions for discussion purposes. These "replacement" increments add \$8,565,600 to the University's request for general funds.

- Maintaining a Solid Foundation

General Funds of \$9,185,300 have been requested for contract and policy salary obligations, fixed cost increases such as facilities maintenance and repair, license agreements, and costs of a growing collection of web-based library resources. Also included in this category is funding focused on distance delivery to ensure academic quality and funding for information technology services including the statewide library database licensing initiative. Portions of this increment will focus on the enhancement of accountability and business efficiency through sustained technology replacement, career development for University staff, enhancements in the University's Finance and Human Resource electronic business operations, and receipt authority for 'recharge centers' that provide services to university departments at competitive rates.

Legislative Fiscal Analyst Comment: The Governor's budget describes increased University salary costs as increases in the FY02 base, just as salary schedule changes were treated in other agencies. However, the University testified that the appropriation for salary adjustments (Chapter 1, TSSLA 2000) covered movement within salary schedules rather than increases in the schedules. If so, the \$6,763,700 (of which \$5,010,200 is GF) requested for FY02 salary costs should be characterized as increments rather than additions to the base. The increments will fund contractual, non-represented and policy-driven salary increases, and are not included in the \$16.8 million figure the University characterizes as increments.

- Attracting and Retaining Alaska's Students

The requested funding level of \$3,038,200 (of which \$988,200 is GF) includes funding for enhanced services for recruiting, retaining, advising, and supporting students. This category is directly aimed at increasing enrollment. Specific examples include the addition of academic advisors, counselors for students with disabilities, and electronic services for students, including financial aid processing.

legislative fiscal analyst overview of the governor's FY02 request

- Meeting Alaska's Employment Needs
Funding requests of \$4,155,300 in General Funds and \$9,246,600 in non-GF support the University's desire to offer the programs necessary to meet workforce needs. Workforce assessments from the Alaska Department of Labor, Alaska's Human Resource Investment Council, and the Alaska Department of Education and Early Development, industry consortiums and corporations show high demand for teachers, health care workers (especially nurses), information technology specialists and trained technical workers. As examples, this group of four increments emphasizes qualified child care, nursing and medical technology professions, distance delivery of health instruction and research, information technology, computer science and network training, vocational education training leadership, and marine technology and operations.
- Preparing for Alaska's Economic Success
With the funding for this \$11,715,100 increment (including \$2,525,100 in General Funds), the University is attempting to develop programs that will impact Alaska's economic future positively. These additions include enhancements in finance, e-commerce, natural resources and fisheries, applied research and engineering instruction. To promote research leadership, an Office of Vice President for Research for the UA system is created. Provisions to provide a centralized data source and computational resource of satellite information are also included in the development of the UAF Energy Center. This initiative also adds funding to e-commerce studies to assist Alaska's college graduates and the Alaska business and government communities with awareness of the changes and opportunities provided by global economic structural changes during the last few years. Significant portions of this initiative are proposed for expansion of engineering, natural resources, marine and environmental programs.
- The University budget adds 123 permanent, full-time positions and six permanent, part-time positions in FY02.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

University of Alaska Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	172,344.1	72,939.6	254,408.7	499,692.4
Fiscal Note	66.1	4.2	4,126.0	4,196.3
Governor Veto			(2,124.0)	(2,124.0)
Reappropriation	6,565.6			6,565.6
Special Appropriation			0.0	0.0
Salary Adjustment	5,161.1	226.3	1,038.9	6,426.3
Transfer In		9,505.4	20,389.1	29,894.5
Transfer Out		(9,505.4)	(20,389.1)	(29,894.5)
FY01 Authorized	184,136.9	73,170.1	257,449.6	514,756.6
Transfer In	976.6	400.0	776.7	2,153.3
Transfer Out	(976.6)	(400.0)	(776.7)	(2,153.3)
FY01 Management Plan	184,136.9	73,170.1	257,449.6	514,756.6
One Time Item	(6,565.6)		(3,881.0)	(10,446.6)
Transfer In	13.4		100.0	113.4
Transfer Out	(13.4)		(100.0)	(113.4)
FY02 Adjusted Base	177,571.3	73,170.1	253,568.6	504,310.0
Increment	25,419.5	20,945.9	14,620.2	60,985.6
Decrement			(9,540.1)	(9,540.1)
FY02 Governor Request	202,990.8	94,116.0	258,648.7	555,755.5
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Position Summary		PFT	PPT	Tmp
FY01 Authorized		3,388	233	0
FY02 Governor Request		3,511	239	0
Net Change		123	6	0
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FY02 Governor Capital Request	2,325.0	32,500.0	4,000.0	38,825.0

legislative fiscal analyst overview of the governor's FY02 request

Alaska Court System

The Alaska Court System constitutes the Judicial Branch of the state's government. Alaska has a unified, centrally administered, and totally state-funded judicial system. There are four levels of courts in the Alaska Court System, each with different powers, duties and responsibilities.

The four levels of courts are the Supreme Court, the Court of Appeals, the Superior Court and the District Court. The Supreme Court and the Superior Court were established in the Alaska Constitution. The District Court was established by state statute in 1959 and the Court of Appeals was established by state statute in 1980. Jurisdiction and other areas of the judicial responsibility for each level of court are set out in Title 22 of the Alaska Statutes.

The Alaska Court System budget is presented in three appropriation requests - the Alaska Court System, the Commission on Judicial Conduct, and the Judicial Council.

SIGNIFICANT CHANGES

- General fund increments totaling \$386,100 add nine new positions. Of this amount, Trial Courts is requesting \$178,600 to fund three Court Clerks in Barrow, Juneau, St. Mary's and Cordova. Administration and Support is requesting \$176,500 to fund one Computer Programmer, two Computer Training Specialists, and one Law Library Assistant. The Commission on Judicial Conduct is requesting \$15,000 to cover existing personal services short falls. The Judicial Council is requesting \$16,000 to fund a temporary position to conduct a criminal justice process review.

Legislative Fiscal Analyst Comment: Funding for all these positions except the temporary position have been requested and denied annually since FY99.

- A \$42,500 General Fund increment would pay travel expenses for "circuit-riding judges" to improve service in rural areas. The request is based on a 1997 report by the Court Advisory Committee on Fairness and Access.

Legislative Fiscal Analyst Comment: Funding for these travel expenses have been requested and denied annually since FY00.

- Two General Fund increments totaling \$156,000 are requested to modernize equipment. Appellate Court is requesting \$79,000 to continue improvements to case management systems for electronic dissemination of information. Administration and Support is requesting \$77,000 to replace computers.
- Trial Courts is requesting \$113,100 General Funds to increase juror pay from \$25.00 to \$27.50 per day.

Legislative Fiscal Analyst Comment: Funding for this increment has been requested and denied annually for many years.

- Three General Fund increments totaling \$517,700 are requested for courthouse maintenance, operations, lease, and security issues. Fairbanks courthouse requests \$337,700 for maintenance, operations and leaseholder improvements. Unalaska courthouse is requesting \$60,000 for lease and relocation costs. Kenai and Palmer courthouses are requesting \$120,000 to improve security.
- Trial Courts is requesting \$125,000 in General Funds for increased costs associated with an existing wide area network.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Alaska Court System Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	49,435.8	300.0		49,735.8
Fiscal Note	14.9			14.9
Salary Adjustment	1,154.5			1,154.5
FY01 Authorized	50,605.2	300.0	0.0	50,905.2
Salary Adjustment	(34.4)			(34.4)
FY02 Management Plan	50,570.8	300.0	0.0	50,870.8
FY02 Adjusted Base	50,570.8	300.0	0.0	50,870.8
Increment	1,403.6		338.1	1,741.7
FY02 Governor Request	51,974.4	300.0	338.1	52,612.5

Position Summary	PFT	PPT	Tmp
FY01 Authorized	665	50	26
FY02 Governor Request	676	52	27
Net Change	11	2	1

FY02 Governor Capital Request	5,375.0	0.0	0.0	5,375.0
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legislative fiscal analyst overview of the governor's FY02 request

Alaska Legislature

The Alaska State Legislature is the legislative branch of state government as provided in the Alaska Constitution and in statute. The legislative branch includes the sixty members and their office staffs, and the following legislative appropriations and allocations:

Legislative Budget and Audit Committee

Legislative Audit
Legislative Finance
Ombudsman
Committee Expenses
Legislative State Facilities Rent

Legislative Council (Legislative Affairs Agency)

Redistricting Board
Salaries and Allowances
Administrative Services
Session Expenses
Council & Subcommittees
Legal and Research Services
Select Committee on Ethics

Legislative Operating Budget

- With the exception of salary adjustments associated with labor contracts and a small transfer of space costs to the Governor's Office, the operating budget proposed in the Governor's FY02 bill is unchanged from the FY01 Management Plan level.
- As in the past, the Governor's bill displays a tentative agency request. The actual legislative budget will be developed and submitted in its final form to the appropriate oversight and finance committees during the course of the session.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

legislative fiscal analyst overview of the governor's FY02 request

Alaska Legislature Funding Summary

	General Purpose	Federal Restricted	Other Funds	Total
FY01 Conference Committee	33,321.5		65.0	33,386.5
Fiscal Note	105.0			105.0
Reappropriation	2,944.8			2,944.8
Special Appropriation	0.0			0.0
Salary Adjustment	634.0			634.0
Unallocated Reduction Spread	0.0			0.0
FY01 Authorized	37,005.3	0.0	65.0	37,070.3
Transfer In	180.3			180.3
Transfer Out	(180.3)			(180.3)
FY01 Management Plan	37,005.3	0.0	65.0	37,070.3
Salary Adjustment	712.4			712.4
One Time Item	(435.7)			(435.7)
Agency Transfer Out	(3.9)			(3.9)
FY02 Governor Request	37,278.1	0.0	65.0	37,343.1

Position Summary	PFT	PPT	Tmp
FY01 Authorized	219	274	0
FY02 Governor Request	229	277	0
Net Change	10	3	0

FY02 Governor Capital Request	0.0	0.0	0.0	0.0
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