

The Fiscal Year 2024 Budget: Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division

www.legfin.akleg.gov

The Legislative Finance Division 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. Per AS 24.20.231 the 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 AS 37.07 (Executive Budget Act);
- (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;
- (7) identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction; and
- (8) not later than the first legislative day of each first regular session of each legislature, conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095.

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Short Fiscal Summary - FY23/FY24 Budget

	FY23 Mgt Plan		FY24 Governor		Change in UGF
	UGF	UGF	UGF	UGF	
1	Revenue	7,239.5	6,935.3	(304.2)	-4.2%
2	UGF Revenue (DOR Fall 2022 Forecast)	3,865.2	3,410.1	(455.1)	-11.8%
3	POMV Draw	3,360.6	3,526.1	165.5	4.9%
4	Misc/Adjust/Non-UGF Revenue	13.7	(0.9)	(14.6)	
5	Appropriations	7,662.0	7,257.8	(404.2)	-5.3%
6	Operating Budget	5,246.6	4,510.5	(736.1)	-14.0%
7	Agency Operations	4,220.8	4,151.5	(69.3)	-1.6%
8	Statewide Items*	1,025.8	359.0	(666.8)	-65.0%
9	Supplemental Appropriations	-	-	-	
10	Capital Budget	735.1	276.4	(458.7)	-62.4%
11	Current Year Appropriations	735.1	276.4	(458.7)	-62.4%
12	Supplemental Appropriations	-	-	-	
13	Permanent Fund	1,680.3	2,470.9	790.6	47.1%
14	Permanent Fund Dividends	1,680.3	2,470.9	790.6	47.1%
15	Pre-Transfer Surplus/(Deficit)	(422.5)	(322.5)		
16	Statutory Budget Reserve	(350.3)	-		
17	American Rescue Plan Act (ARPA)	(186.6)	(10.6)		
18	K-12 Forward Funding**	114.1	(114.1)		
19	Other Fund Transfers	0.3	0.3		
20	Post-Transfer Surplus/(Deficit)	(0.0)	(198.1)		
Reserve Balances (EOY)					
		FY23	FY24		
	SBR	19.8	0.0		
	CBR	2,454.4	2,354.7		
	ERA	10,821.5	10,956.4		

* Includes \$420.1 million FY23 Energy Relief Payment.

** Estimated forward-funding is pro-rated to the amount available after other appropriations.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

State of Alaska Detailed Fiscal Summary--FY23 and FY24 (Part 1)

(\$ millions)

	FY23 Management Plan				FY24 Governor				Change in UGF			
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
REVENUE												
1 Unrestricted General Fund Revenue (Fall 2023 Forecast) (1)	7,239.5	1,053.7	869.3	6,173.1	15,335.5	6,935.3	978.0	811.6	4,850.0	13,574.9	(304.2)	-4.2%
2 POMV Payout from ERA	3,865.2	-	-	-	3,865.2	3,410.1	-	-	-	3,410.1	-	-
3 Adjustments, Carryforward, Repeals, and Reappropriations (2)	3,360.6	54.5	-	689.8	3,860.6	3,526.1	-	-	-	3,526.1	-	-
4 Restricted Revenue (3)	13.7	999.2	869.3	5,483.3	7,351.7	-	978.0	811.6	4,850.0	6,639.6	-	-
APPROPRIATIONS												
TOTAL OPERATING APPROPRIATIONS	5,246.6	872.7	795.7	4,204.1	11,119.1	4,510.5	827.9	775.5	3,177.7	9,291.7	(736.1)	-14.0%
7 Agency Operations	4,220.8	723.5	739.9	3,988.7	9,872.8	4,151.5	766.7	706.9	3,128.4	8,753.5	(69.3)	-1.6%
8 Current Fiscal Year Appropriations	4,220.8	723.5	739.9	3,988.7	9,872.8	4,151.5	766.7	706.9	3,128.4	8,753.5	(69.3)	-1.6%
9 Agency Operations (Non-Formula)	2,065.7	716.9	680.5	1,997.8	5,481.0	2,065.2	748.4	658.7	1,210.6	4,685.9	(17.5)	-0.8%
10 K-12 Foundation and Pupil Transportation (Formula)	1,272.1	-	31.7	20.8	1,324.6	1,213.4	-	32.7	20.8	1,266.8	(58.7)	-4.6%
11 Medicaid Services (Formula)	649.9	0.4	15.5	1,769.1	2,434.9	670.6	0.4	15.5	1,769.2	2,455.7	20.7	3.2%
12 Other Formula Programs	213.1	6.1	187.9	187.9	407.2	199.3	17.9	-	127.8	344.9	(13.8)	-6.5%
13 Revised Programs Legislatively Approved (RPLs)	-	-	12.1	13.1	25.2	-	-	-	-	904.1	-	-
14 Duplicated Authorization (non-additive) (4)	-	-	874.4	-	874.4	-	-	-	-	-	-	-
Statewide Items												
15 Current Fiscal Year Appropriations	1,025.8	149.2	55.8	215.4	1,446.3	359.0	61.3	68.7	49.3	538.2	(666.8)	-65.0%
16 Debt Service	158.6	15.1	27.8	215.4	1,446.3	148.1	13.5	21.3	4.8	187.8	(10.5)	-6.8%
17 Fund Capitalizations	317.6	48.2	0.3	91.2	454.3	70.6	15.2	10.3	44.4	140.6	(247.0)	-77.8%
18 Community Assistance	-	-	-	-	-	27.9	-	-	-	27.9	(4.9)	-14.9%
19 REAA School Fund	32.8	-	-	-	32.8	-	-	-	-	-	-	-
20 Oil and Gas Tax Credit Fund	281.0	-	-	-	281.0	42.7	-	-	-	42.7	(3.9)	-8.3%
21 Other Fund Capitalization	3.8	15.2	0.3	91.2	109.5	140.3	-	-	44.4	70.0	10.7	15.2%
22 State Payments to Retirement Systems	128.6	-	-	-	128.6	-	-	-	-	-	-	-
23 Energy Relief Payment (5)	420.1	-	35.4	27.7	420.1	-	-	32.5	-	69.6	(420.1)	-
24 Shared Taxes	-	-	53.5	119.4	172.9	-	-	-	-	-	-	-
25 Alaska Comprehensive Insurance Program	-	-	10.7	-	10.7	-	-	-	-	-	-	-
26 Duplicated Authorization (non-additive) (4)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL APPROPRIATIONS	735.1	74.0	73.4	1,782.3	2,664.8	276.4	72.7	35.9	1,661.7	2,046.7	(458.7)	-62.4%
28 Current Fiscal Year Appropriations	735.1	74.0	73.4	1,782.3	2,664.8	276.4	72.7	35.9	1,661.7	2,046.7	(458.7)	-62.4%
29 Project Appropriations	-	-	-	-	-	276.4	-	-	-	276.4	-	-
30 Duplicated Authorization (non-additive) (4)	-	-	66.3	-	66.3	-	-	-	-	-	-	-
31 Money on the Street (includes all fund sources) (6)	735.1	74.0	139.7	1,782.3	2,731.1	276.4	72.7	111.4	1,661.7	2,122.3	-	-
Pre-Permanent Fund Authorization (unduplicated)	5,981.8	946.7	869.1	5,986.5	13,784.0	4,786.9	900.7	811.4	4,839.4	11,338.4	(1,194.8)	-20.0%
33 Revenue less operating and capital appropriations	1,257.7	-	-	-	1,257.7	2,148.4	-	-	-	2,148.4	-	-
Permanent Fund Appropriations	1,680.3	74.8	-	1,755.1	2,470.9	2,470.9	76.4	-	-	2,547.3	790.6	47.1%
35 Permanent Fund Dividends (9)	1,680.3	-	-	-	1,680.3	2,470.9	-	-	-	2,470.9	790.6	47.1%
36 Non-Mandatory Royalty Deposit to Principal	-	74.8	-	-	74.8	-	76.4	-	-	76.4	-	-
37 Transfer to Principal from Earnings Reserve Account	4,181.0	-	-	-	4,181.0	1,413.0	-	-	-	1,413.0	-	-
38 Transfer from Earnings Reserve Account to Principal	(4,181.0)	-	-	-	(4,181.0)	(1,413.0)	-	-	-	(1,413.0)	-	-
Pre-Transfers Authorization (unduplicated)	7,662.0	1,021.5	869.1	5,986.5	15,539.1	7,257.8	977.1	811.4	4,839.4	13,885.7	(404.2)	-5.3%
40 Pre-Transfer Surplus/Deficit (7)	(422.5)	32.2	0.2	186.6	(203.5)	(322.5)	977.1	811.4	4,839.4	13,885.7	(404.2)	-5.3%
41 Revenue =	94.5%	of Appropriations	94.5%	of Appropriations	94.5%	of Appropriations	97.2%	of Appropriations	97.2%	of Appropriations		
Fund Transfers (8)												
42 Current Fiscal Year Transfers	(422.5)	15.9	0.2	186.6	(219.8)	(422.5)	15.9	0.2	186.6	(219.8)	298.1	-
43 Renewable Energy Fund	-	15.0	-	-	15.0	-	-	-	-	-	298.1	-
44 Other Fund Transfers	0.3	0.9	0.2	-	1.4	0.3	0.9	0.2	-	1.5	0.0	-
45 Statutory Budget Reserve Fund	(350.3)	-	-	-	(350.3)	-	-	-	-	-	350.3	-
46 General Fund Deposit from American Rescue Plan Act (ARPA)	114.1	-	-	186.6	114.1	(114.1)	-	-	10.6	176.0	-	-
47 K-12 Forward Funding (9)	-	-	-	-	-	-	-	-	-	-	(228.2)	-
48 Supplemental Appropriations (Fund Transfers)	-	16.3	-	-	16.3	-	-	-	-	-	-	-
49 Revenue =	100.0%	of Appropriations	100.0%	of Appropriations	100.0%	of Appropriations	97.2%	of Appropriations	97.2%	of Appropriations		
Post-Transfers Authorization (unduplicated)	7,239.5	1,053.7	869.3	6,173.1	15,335.6	7,133.4	978.0	811.6	4,850.0	13,773.1	(106.1)	-1.5%
50 Post-Transfer Surplus/Deficit (10)	(0.0)	Revenue =	100.0%	of Appropriations	(0.0)	Revenue =	97.2%	of Appropriations	97.2%	of Appropriations		

January 13, 2023

State of Alaska Detailed Fiscal Summary--FY23 and FY24 (Part 1)

(\$ millions)

	FY23 Management Plan				FY24 Governor				Change in UGF			
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
FISCAL YEAR SUMMARY	7,239.5	1,053.7	869.3	6,173.1	15,335.6	7,133.4	978.0	811.6	4,850.0	13,773.1	(106.1)	-1.5%
Agency Operations	4,220.8	723.5	739.9	3,987.7	9,672.8	4,151.5	766.7	706.9	3,128.4	8,753.5	(69.3)	-1.6%
Statewide Items	1,025.8	149.2	55.8	215.4	1,446.3	359.0	61.3	68.7	49.3	538.2	(666.8)	-65.0%
Permanent Fund Appropriations	1,680.3	74.8	795.7	4,204.1	12,874.2	2,470.9	904.4	775.5	3,177.7	11,839.0	(730.6)	-47.1%
Total Operating	6,926.9	947.5	734	1,782.3	2,664.8	6,881.4	276.4	35.9	1,661.7	2,046.7	(458.7)	-62.4%
Capital	735.1	74.0	0.2	186.6	(203.5)	(124.4)	0.9	0.2	10.6	(112.6)	288.1	
Transfers	(422.5)	32.2	0.2	186.6	(203.5)	(124.4)	0.9	0.2	10.6	(112.6)	288.1	

January 13, 2023

Notes:

- (1) The Department of Revenue's Fall 2022 oil forecast for FY24 is 512.1 bpd total Alaska production at \$81 per barrel.
- (2) Carryforward is money that was appropriated in a prior year that is made available for spending in a later year via multi-year appropriations. Repeals increase revenue by reducing prior year authorization. Total carryforward into FY24 will be unknown until the close of FY23. Reappropriations to operating budget funds are counted as UGF revenue. The FY24 revenue adjustment is due to the declared AIDEA dividend being \$0.9 million lower than the initial estimate.
- (3) Restricted revenue equals spending for each category. Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statutorily designated for a specific purpose. Other funds have stricter restrictions on usage, and federal funds originate from the federal government and can be used only for a particular purpose. Several appropriations for federal receipts include "open ended" authorization that allow the agencies to accept any amount of federal funds received in connection to COVID-19 response (Medicaid, Public Health Emergency Programs, Disaster Relief Fund, Unemployment Insurance, and Workforce Services). The amount of actual FY23/FY24 federal receipts for COVID-19 response may be greater than shown.
- (4) Duplicated authorization is in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds will be reflected in future operating budgets.
- (5) The FY23 enacted budget appropriates \$420.1 million for an energy relief payment, which is shown separately from the Permanent Fund Dividend (PFD) payment, though the energy relief was distributed with the PFD.
- (6) Including duplicated fund sources in the amount of capital spending provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.
- (7) The "Pre-transfer Surplus/(Deficit)" indicates if projected state revenue is sufficient to pay for the budget before using money from savings or non-recurring revenue sources. If projected state revenue is projected to be insufficient indefinitely, it is often referred to as a "structural deficit."
- (8) "Fund Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other purposes so must be included in the calculation of the surplus/deficit. For reserve accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is included in the operating or capital budget, as appropriate. For example, the appropriation to transfer court filing fees from the general fund to the civil legal services fund.
- (9) The FY23 enacted budget appropriates \$1,215.1 million from the general fund to the public education fund to forward fund the FY24 K-12 Foundation formula. This appropriation will be reduced if UGF revenue is insufficient, and only \$114.1 million will remain available under the fiscal summary's revenue assumptions before supplemental appropriations.
- (10) No appropriation from the CBR to cover a general fund deficit was enacted for FY23. The Governor's FY24 budget proposal contains language appropriating from the CBR to cover a general fund deficit.

Projected Fund Balances -- FY23 and FY24 (Part 2)								
(\$ millions)								
	FY23			FY24				
	BoY Balance	In	Out/ (Deposit)	EoY Balance	BoY Balance	In	Out/ (Deposit)	EoY Balance
Total Budget Reserves and Designated Funds	4,018.7	269.8	502.6	3,785.9	3,785.9	176.5	333.9	3,628.5
Undesignated Reserves	2,626.8	198.9	350.3	2,475.4	2,475.4	78.7	198.1	2,355.9
Total Excluding Permanent Fund	2,626.8	198.9	350.3	2,475.4	2,475.4	78.7	198.1	2,355.9
Constitutional Budget Reserve Fund	2,255.5	198.9	0.0	2,454.4	2,454.4	78.7	178.3	2,354.7
Statutory Budget Reserve Fund	370.1	-	350.3	19.8	19.8	-	19.8	0.0
Alaska Housing Capital Corporation Fund	1.1	-	-	1.1	1.1	-	-	1.1
Select Designated Funds	1,391.9	70.9	152.3	1,310.5	1,310.5	97.9	135.7	1,272.6
Total Excluding Permanent Fund	1,391.9	70.9	152.3	1,310.5	1,310.5	97.9	135.7	1,272.6
Alaska Capital Income Fund	(3.2)	27.0	27.7	(3.9)	(3.9)	29.3	32.3	(6.9)
Alaska Higher Education Investment Fund	344.7	3.8	-	348.5	348.5	19.5	23.6	344.4
Community Assistance Fund	90.0	30.0	30.0	90.0	90.0	-	30.0	60.0
Power Cost Equalization Endowment	960.4	10.1	94.6	875.9	875.9	49.0	49.8	875.1
Unrestricted General Fund Appropriations				7,662.0				7,257.8
Reserves Ratio (Undesignated Reserves / Pre-Transfer Budget)				32%				32%
Pre-Transfer Deficit				(422.5)				(322.5)
Years of Deficit Coverage (Undesignated Reserves / Pre-Transfer Deficit)				5.86				7.30
Permanent Fund *								
Permanent Fund Principal - Realized (no appropriations allowed)	51,686.3	4,753.0	0.0	56,438.9	56,438.9	1,919.9	0.0	58,358.4
Permanent Fund Earnings Reserve Account - Realized	13,815.0	4,575.1	7,568.6	10,821.5	10,821.5	5,103.0	4,988.1	10,956.4
Permanent Fund -- Unrealized Gain (Loss)	11,034.9	452.0	0.0	11,486.9	11,486.9	116.0	0.0	11,602.9
TOTAL PERMANENT FUND	76,536.2	9,780.1	7,568.6	78,747.3	78,747.3	7,138.9	4,988.1	80,917.7

*Alaska Permanent Fund Corporation (APFC) projection for FY23 as of November 30, 2022. Includes LFD adjustments.

January 13, 2023

Executive Summary

As required by law, the Governor released his FY24 budget proposal to the public and the legislature on December 15, 2022. The Legislative Finance Division prepared this Overview of the Governor's Budget and "Subcommittee Books" for each agency in accordance with AS 24.20.211-.231.

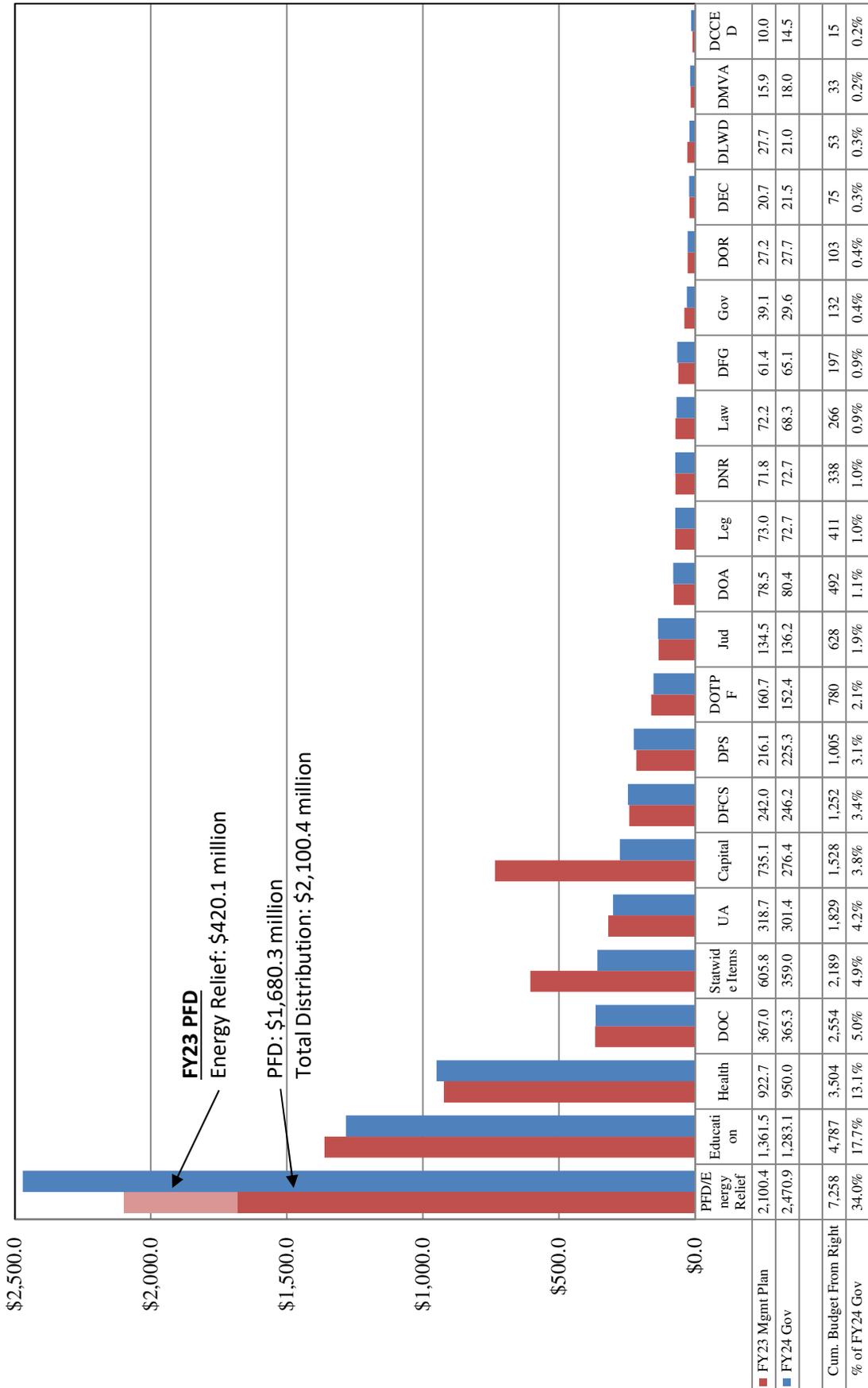
The Overview provides a starting point for legislative consideration of the Governor's proposed budget and revenue plan. It does not necessarily discuss the merits of budget plans, but more focuses on outlining the fiscal situation and presenting the budget in a way that provides simple, clear information to the legislature.

The first chapters in this publication primarily refer to Unrestricted General Funds (UGF). These are the state revenues with no constitutional or statutory restrictions on their use. The statewide fiscal surplus or deficit is calculated using this fund source group. Later in the publication, individual agency narratives account for significant changes in all fund sources. The first chapters also primarily use figures in the millions of dollars, with the decimal indicating hundreds of thousands, while agency narratives generally use figures in the thousands of dollars, with the decimal indicating hundreds.

Despite a spike in oil prices in the first half of 2022, the long-term fiscal situation is much the same as it has been for a decade: there is a gap between the statutory spending and revenue structures at expected oil prices. After years of budget cuts and PFD payments far below the statutory amounts, the 2022 legislature increased spending substantially and paid the highest nominal PFD in State history (the second highest when adjusted for inflation, after 2008). Heading into FY24, oil prices have declined, and the Governor once again submitted a budget that relies on the use of savings.

The Governor's FY24 budget balances at \$86 per barrel, compared to DOR's forecast price of \$81 per barrel. At the forecast price, this leaves a deficit of \$322.5 million, which the Governor proposes to fill from a combination of several sources, including the Constitutional Budget Reserve.

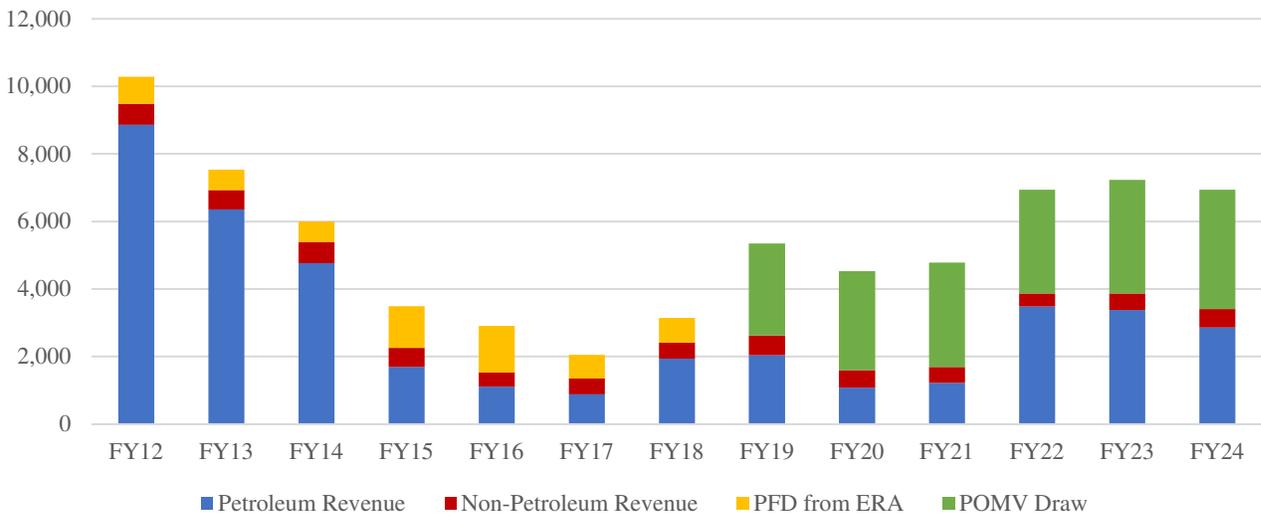
Swoop Graph - UGF Only
FY24 Governor's Budget Compared to FY23 Management Plan
(Millions)



Alaska's Overall Fiscal Situation

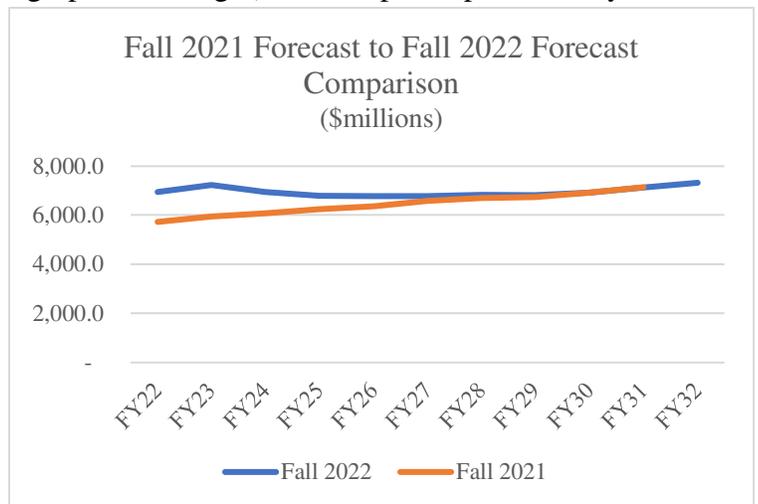
Alaska's general fund is still heavily reliant on oil revenue. In Fiscal Year 2024 (FY24), the Department of Revenue projects that petroleum will account for 41% of Alaska's UGF revenue. Within the last five years, that figure has fluctuated from 24% in FY20 to 50% in FY22. As always, oil prices remain volatile and Alaska's fiscal fortunes appear to change rapidly from year to year, or even month to month.

UGF Revenue, FY12 - FY24
(\$millions, UGF only)



Zooming out, though, the State's long-term fiscal outlook today is remarkably similar to the picture a year ago, despite the oil price roller coaster in between. Comparing DOR's Fall 2021 and Fall 2022 forecasts, the two converge over time (see the graph on the right). The oil price spike in early 2022 appears to have been temporary, and the fiscal situation remains as it was a year ago: improved from the FY15-21 period, but not improved enough to eliminate the structural budget deficit the State has faced since FY14.

Though the specific steps the legislature might take to ensure the fiscal stability are contentious policy choices, the Legislative Finance Division has historically encouraged the legislature approach the fiscal situation with these two goals in mind:



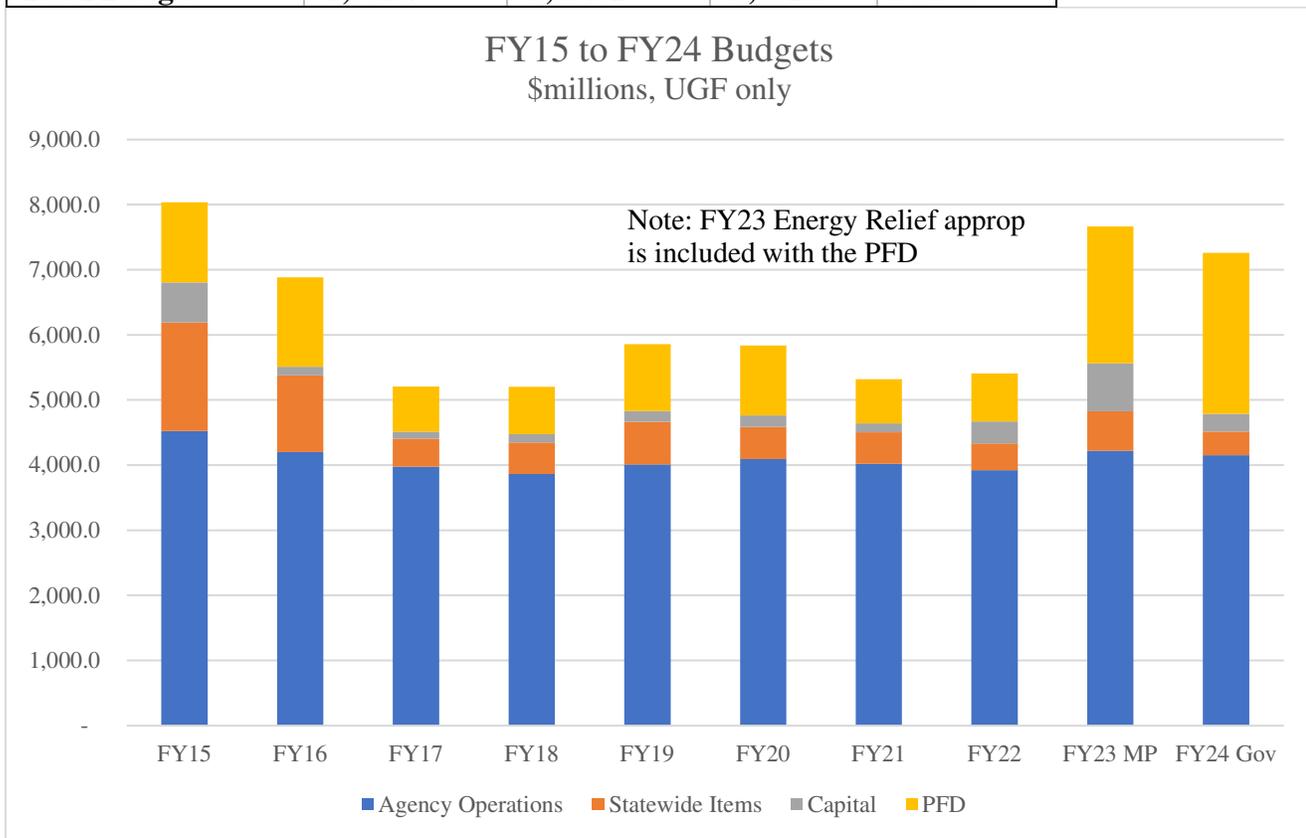
1. In the short term, look at how the budget performs over a wide range of oil prices and ensure that it can pay the bills no matter how oil may change over the course of the year.

- Over the long term, ensure that the State's fiscal structure is balanced at a moderate oil price so that surpluses can be saved, and deficits can be filled using those savings.

The End of Alaska's Austerity Era?

During the 2022 legislative session, the upward spike in expected revenue led to a spike in spending. Comparing UGF spending from the 2021 session to the 2022 session (not by fiscal year, since many expenditures were placed in the supplemental FY22 budget), UGF spending increased by 56.5%. Excluding statewide and capital appropriations and just focusing on agency operations, the growth rate was still 7.5%.

Comparison of 2021 Session to 2022 Session (regular appropriations plus supplementals)				
	2021 Session	2022 Session	\$ Change	% Change
Agency Operations	3,914.9	4,207.6	292.7	7.5%
Statewide Items	453.1	1,117.5	664.3	146.6%
Capital Budget	258.6	971.7	713.1	275.8%
Pre-PFD Total	4,626.7	6,296.8	1,670.1	36.1%
PFD/Energy Relief	739.0	2,100.4	1,361.3	184.2%
Total Budget	5,365.7	8,397.1	3,031.5	56.5%



This 56.5% growth was partly driven by one-time spending to make up for past budget reductions. Major one-time items include:

- \$220.8 million to pay past unfunded School Bond Debt Reimbursement from FY17-21
- \$84.0 million to repay past unfunded Regional Educational Attendance Area (REAA) Fund deposits from FY17-21
- \$199.0 million to the Permanent Fund Corpus to satisfy an audit finding relating to FY17-18 royalty appropriations
- \$38.9 million in FY22 to bring the Community Assistance Fund balance back to the statutory target of \$90.0 million
- An additional \$60 million beyond the statutory appropriation for oil and gas tax credits in an effort to purchase the remaining outstanding credits

These items, totaling \$602.7 million, contribute to the ballooning Statewide Items figure above, but the growth rates would still be unsustainable without them: even excluding these items, the pre-PFD budget would have still increased by 23.1%.

The significantly larger capital budget can be partially explained by the federal Infrastructure Investment and Jobs Act (IIJA), but also by much more funding for legislative priorities. IIJA expanded several programs that require state matching funds, particularly the Department of Transportation’s Surface Transportation and Airport Improvement programs. In total, matching funds increased by about \$75.7 million between the 2021 and 2022 sessions, more than doubling. However, the bulk of the increased spending came from legislative priorities, including \$200.0 million for the Port of Alaska, \$175.3 million for the Port of Nome, \$30.0 million for a Mat-Su Transportation Infrastructure package, and \$37.5 million for School Major Maintenance. Going forward, the increased matching requirements will likely raise the baseline expected capital budget, even if funding for legislative priorities decreases when there is less available revenue.

The 7.5% increase in agency operations from session to session was driven by several factors, as can be seen in the table to the right. Some of these one-time items may not really be temporary in nature: after years without an increase to the Base Student Allocation, many advocates are calling for significant increases in education funding as the federal pandemic relief to school districts comes to an end. With high inflation in 2021 and 2022, salary adjustments will continue to be a significant item in future years, and many agencies face other inflationary pressures in lease costs, commodities, travel, and other core costs.

Operating Budget Growth in FY23	
K-12 One-Time Increase	57.0
University of Alaska One-Time Item	29.8
Labor One-Time Item	7.4
Salary Adjustments (including HB 226)	63.1
Medicaid Formula Increase	22.0
DPS Increases	21.2
Sweep-Related Fund Changes	33.7
All Other Changes Net	53.4
Total Change, FY22 MP to FY23 Budget	287.6

These cost pressures may continue to mount due to years of flat or declining budgets since the 2014 oil price crash. UGF agency operations remained virtually flat from FY17 to FY22, increasing by \$41.2 million (1.1%) over that five-year span. Even the comparatively larger FY23 budget was \$279.5 million (6.2%) lower than the FY15 agency operations budget, despite cumulative inflation of over 11% across that span.

Alaska's Fiscal Situation in FY24 and the Governor's Budget Proposal

Budget Baselines

To set perspective, the Legislative Finance Division has provided two budget baseline scenarios for FY24 which will then be used to compare to the Governor's FY24 proposal: one reflecting current policy based on the FY23 budget and the other reflecting current law.

Both baselines assume that agency operating budgets match the FY24 Adjusted Base (the FY23 budget with one-time spending removed and contractual obligations added). For agency operations, these baseline scenarios are \$123.6 million lower than the FY23 Management Plan. This is primarily due to the reversal of numerous one-time items funded in the FY23 budget. On the other hand, new salary adjustments increase the budget by \$31.4 million.

Both scenarios assume a capital budget equal to the FY23 capital budget. The FY23 budget fully funded all statewide items to their statutory level other than the PFD, so the statewide items also match in FY24.

The one difference between the scenarios is the PFD: the FY23 budget included a PFD equal to 50% of the Percent of Market Value (POMV) draw from the Permanent Fund (often called a "50/50" PFD), plus a \$420.1 million "Energy Relief" payment. The Current Policy scenario assumes that this is repeated in FY24, for a total cost of about \$2.2 billion. The Current Law scenario assumes a statutory PFD payment, estimated to cost about \$2.5 billion.

There is a deficit under both scenarios, but it is larger under the Current Law scenario because of the PFD size.

Governor's FY24 Budget Proposal

Overall View

The Governor's UGF budget totals \$7.3 billion in expenditures contrasted with \$6.9 billion of revenue, leaving a deficit of \$322.5 million. The Governor proposes to fill this deficit by utilizing an estimated \$114.1 million left over from FY23 forward-funding of K-12, \$10.6 million from American Rescue Plan Act (ARPA) revenue replacement, and the remainder from the Statutory Budget Reserve (estimated balance of \$19.8 million) and the Constitutional Budget Reserve (CBR). Note that this deficit figure

Agency Ops Changes from FY23 to FY24 Baseline (\$ millions)	
K-12 One Time Increase	(57.0)
University of Alaska One-Time Item	(29.8)
Labor One-Time Item	(7.4)
AMHS Backstop One-Time Item	(20.0)
Zero Out Carryforward	(13.7)
All Other One-Time Items	(29.6)
Salary Adjustments	31.4
All Other Changes Net	0.7
Total Change from FY23 to FY24 Current Law Baseline	(123.6)

FY24 Current Policy and Current Law Scenarios (\$ millions)		
UGF Revenue	6,935.3	6,935.3
	Current Policy	Current Law
Agency Operations	4,090.3	4,090.3
Statewide Items	389.0	389.0
Capital Budget	735.8	735.8
Budget before PFD	5,221.5	5,221.5
PFD	2,183.1	2,470.9
Total Spending	7,404.6	7,692.4
Surplus/(Deficit)	(469.3)	(756.2)

depends on the price of oil; see the sensitivity charts later in this publication for a more comprehensive view of potential deficit or surplus figures.

Agency Operations

The Governor's FY24 budget is \$54.8 million above LFD's baseline. This is a 1.3% increase, about half of the 2.5% inflation assumption.

The agency narratives section of this publication includes details on the Governor's proposed

changes to agency budgets. Overall, the Governor's budget proposes relatively few major changes to agency budgets. The most significant change is a proposed increase to Medicaid of \$20.7 million, for a combination of expected utilization and inflationary changes, as well as to expand postpartum coverage.

Governor's FY24 Budget Compared to Baselines (\$ millions)					
	Current Policy	Current Law	Governor	Gov to CP	Gov to CL
Agency Operations	4,090.3	4,090.3	4,151.5	54.8	54.8
Statewide Items	389.0	389.0	359.0	(30.0)	(30.0)
Capital Budget	735.8	735.8	276.4	(459.4)	(459.4)
Budget before PFD	5,221.5	5,221.5	4,786.9	(434.5)	(434.5)
PFD	2,183.1	2,470.9	2,470.9	287.8	-
Total Spending	7,404.6	7,692.4	7,257.8	(146.7)	(434.5)
Surplus/(Deficit)	(469.3)	(757.1)	(322.5)		

Statewide Items

The Governor funds statewide items at their statutory levels with the exception of the Community Assistance program. AS 29.60.850(b) states that the legislature may appropriate \$30 million to the fund annually. The Governor did not include this appropriation in his FY24 budget proposal. This will affect the distribution to communities in FY25, since the distribution is based on the ending balance the prior year.

One item of note is oil and gas tax credits. The legislature included the statutory appropriation in FY23 and a supplemental appropriation in FY22 to the Oil and Gas Tax Credit Fund, which is used to purchase certain tax credits from oil and gas producers. The combined amounts were projected to be enough to fully purchase the remaining credits (purchasable tax credits were largely phased out with the passage of legislation in 2016 and 2017). However, the drop in oil prices from the Spring 2022 Forecast to the Fall 2022 Forecast left a projected \$42.7 million remaining after the FY23 appropriation because that appropriation was tied to a statutory formula that depends on tax collections. The Governor's budget includes an appropriation to purchase the remaining credits.

Capital Budget

The Governor's FY24 capital budget request totals \$276.4 million of UGF, down \$458.7 million from the FY23 budget. Of note, it does not include any supplemental appropriations. The majority of the UGF in the Governor's capital budget is used for federal match: \$171.3 million of the \$276.4 million total is for this purpose. This is a \$19 million increase from FY23 budget. For more details on the capital budget, see the Capital Budget Overview section of this publication.

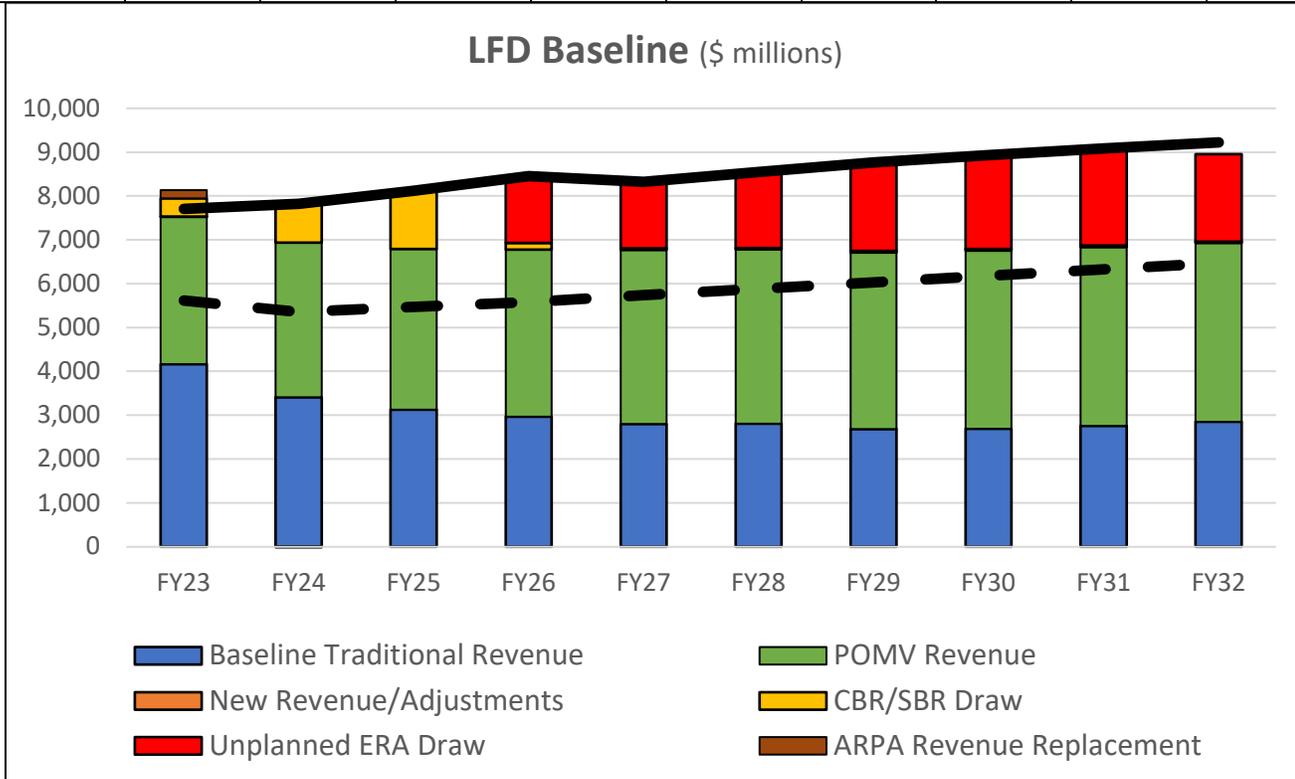
Long-Term Outlook

LFD Baseline Projections

For the long-term baseline scenario, the Legislative Finance Division’s fiscal model uses a baseline scenario that grows the current budget with inflation – essentially, it reflects the FY24 Current Law budget scenario extended over the next decade. This allows policy proposals to stand out against a neutral baseline, which is the FY23 budget growing with inflation, with all statewide items funded to their statutory level. The baseline assumes 2.5% inflation for agency operations and assumes statewide items follow anticipated schedules (such as debt projections). All models in this section assume a statutory PFD payment.

Based on the LFD baseline with a statutory PFD, Alaska would face deficits ranging from under \$400 million in FY24 to over \$2.2 billion by the end of the decade.

LFD Baseline (\$ millions)									
	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Revenue	6,938.2	6,935.3	6,789.0	6,776.1	6,771.0	6,781.0	6,713.6	6,757.0	6,835.3
Budget	4,965.5	5,355.1	5,470.8	5,579.4	5,740.8	5,886.4	6,027.8	6,178.7	6,324.3
PFD	2,464.5	2,463.8	2,649.6	2,870.7	2,585.3	2,661.1	2,737.3	2,756.9	2,759.3
Pre-Transfer Deficit	(393.2)	(883.6)	(1,331.4)	(1,674.0)	(1,555.0)	(1,766.6)	(2,051.5)	(2,178.6)	(2,248.3)



Comparison of Governor's 10-Year Plan to Baseline

The Governor's 10-Year Plan makes several budgetary policy changes compared to LFD's baseline and adds an annual target for unspecified new revenues. This analysis will consider the Governor's plan with and without the unspecified revenue increases.

The policy choices in the Governor's 10-Year Plan include:

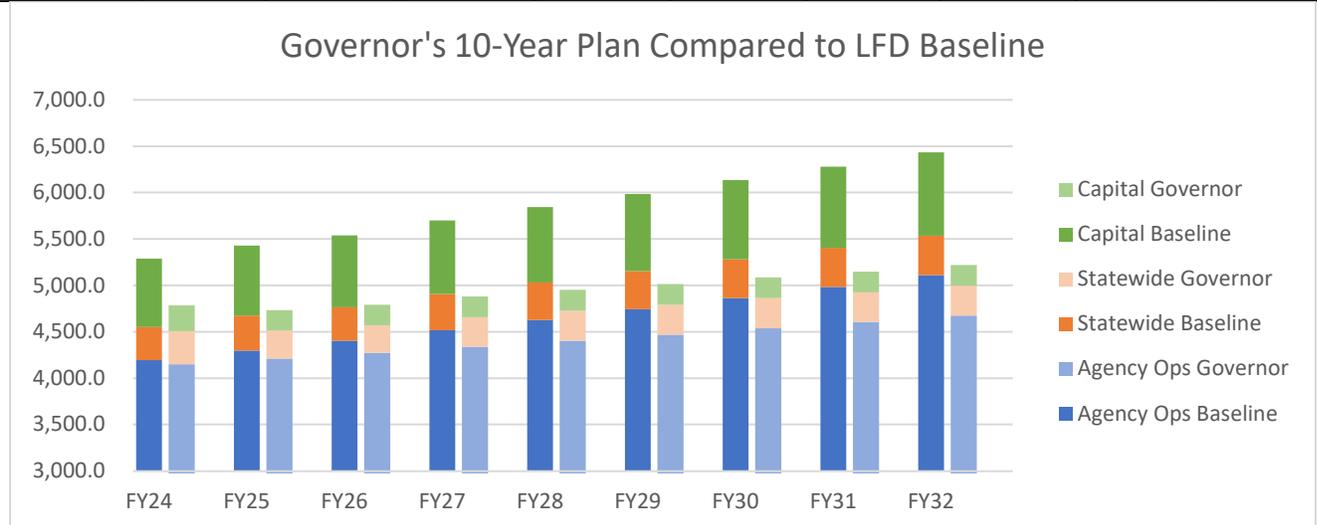
- Agency operations are held to 1.5% annual growth (compared to LFD's 2.5% inflation assumption);
- Does not fund Community Assistance with UGF (LFD's model assumes a mix of PCE [DGF] and UGF funding);
- PERS and TRS health care costs continue to be unfunded as they were in FY23 and FY24; and
- The Governor's capital budget drops from \$276.4 million UGF in FY24 to \$220.0 million in FY25 and then grows by 1.5% per year, while LFD assumes that the Governor's FY24 submission grows with inflation.

There are also two notable assumption differences between the 10-Year Plan and LFD's model that do not reflect policy choices:

- LFD's modeling includes a placeholder for new school debt when the current moratorium expires as the end of 2025, which the Governor's plan does not; and
- The Governor assumes that supplementals and lapsing appropriations cancel out, while LFD assumes net supplementals of \$50.0 million, based on historical averages.

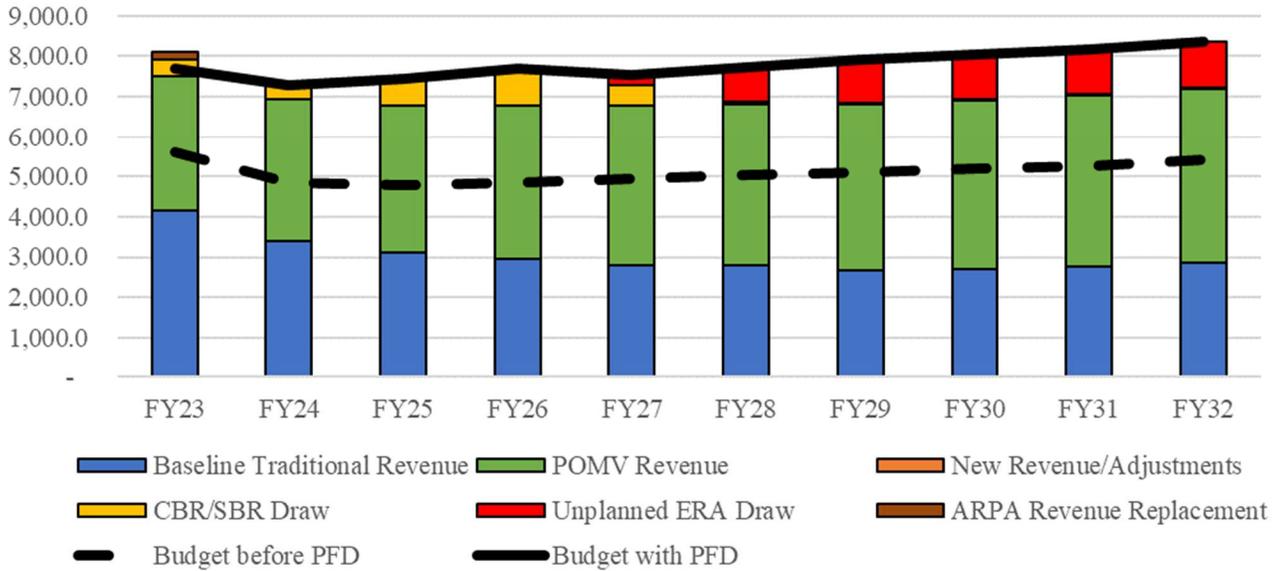
These policy choices reduce the growth rate of the budget compared to the baseline, so their impact grows rapidly over time; in the first year, the difference is largely due to the smaller capital budget.

Governor's 10-Year Plan Compared to LFD Baseline (\$ millions)									
	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline	5,336.7	5,477.7	5,587.3	5,749.5	5,893.6	6,034.5	6,184.5	6,329.4	6,482.2
Governor	4,783.9	4,732.0	4,790.8	4,879.8	4,950.5	5,014.3	5,084.6	5,147.1	5,221.0
Difference	(552.8)	(745.7)	(796.5)	(869.7)	(943.1)	(1,020.2)	(1,099.8)	(1,182.3)	(1,261.2)

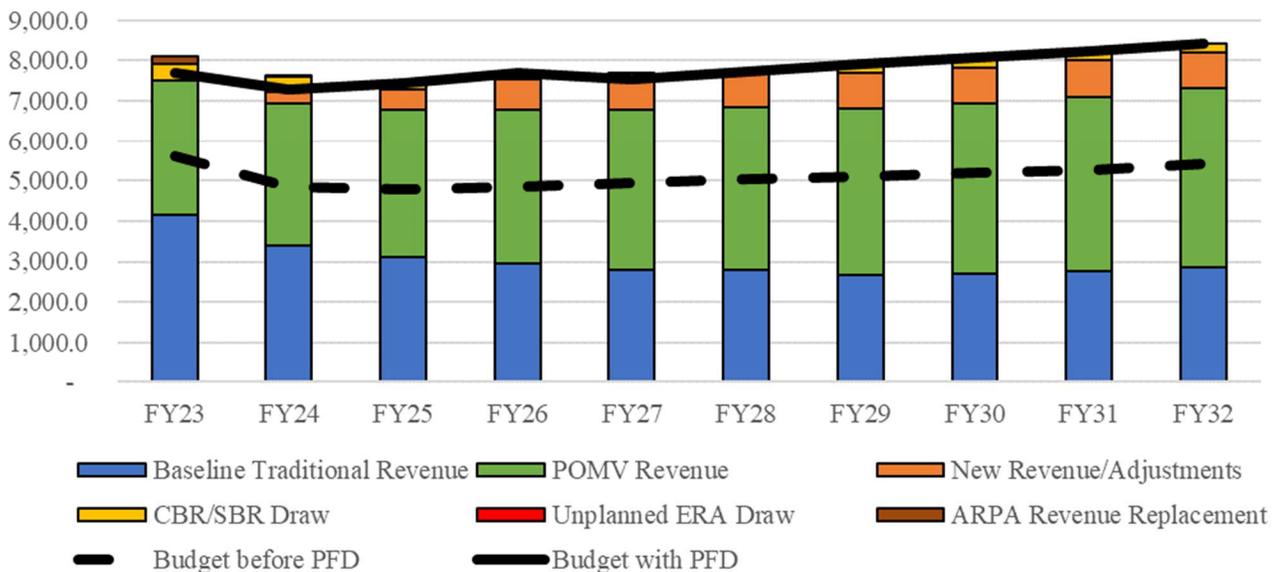


LFD's modeling of the policy choices in the Governor's 10-Year Plan closely matches the Governor's own figures. Both demonstrate that without further policy changes, there will be substantial deficits that will rapidly deplete the State's savings accounts (both the CBR and SBR would be empty in FY27), based on the Fall Revenue Forecast. The Governor's 10-Year Plan includes unspecified new revenue to fill these deficits, but those policy choices could be any combination of budgetary changes, revenue changes, and PFD amounts. See the next chapter for an overview of some new revenue options.

Governor's 10-Year Plan without New Revenue



Governor's 10-Year Plan with New Revenue



Revenue Requirements of the State

AS 24.20.231(2) provides that the Legislative Finance Division analyze the revenue requirements of the State. As the above sections indicate, Alaska still faces a structural budget deficit, and increasing revenue is one option to close that deficit. The following section provides a brief analysis along with potential revenue sources and any issues therein.

New Revenue Options

To introduce additional revenue, the State could increase existing taxes or impose new ones. Alaska is the only state without a statewide broad-based tax, so existing taxes are primarily resource-based taxes or excise taxes on certain consumer items such as motor fuels, alcohol, and tobacco. Increasing existing taxes may cause Alaska to have higher rates than other states, but increases could bring in revenue quickly with minimal administrative costs. New taxes would take longer to set up and would require additional administrative costs. However, significant revenue could be generated with new broad-based taxes.

In his budget release press conference, the Governor spoke about the potential of carbon credits. However, no legislation or details have been provided on this option, so LFD cannot analyze it. The only public revenue estimate that has been released was presented by the Department of Revenue in August 2021 to the Fiscal Policy Working Group. DOR's presentation included a very preliminary estimate of \$1.3 to \$20.0 million per year. The Governor mentioned significantly higher estimates in December 2022.

The following options are reflective of common practice in other states, and do not constitute a policy recommendation. Equity, economic impacts, efficiency, and other considerations are not presented here but should be addressed if the legislature chooses to explore revenue options.

Modify Existing Taxes

Oil and Gas Production Tax

Alaska's oil and gas production tax is projected to bring in \$1,228.7 million in FY24. Oil prices are highly variable, and the production tax's complex structure adds further volatility. The tax features a two-tiered structure, with a net tax and an alternative gross tax "floor." Proposals aimed at only one component may not impact revenue at all price levels. For instance, DOR estimates that capping the per-taxable barrel credit at \$5 would increase revenue by roughly \$450 million at \$80/barrel but would have no revenue impact at \$40/barrel. Past proposals to increase this tax have included raising the tax "floor" from 4% of gross revenue to 5% or higher; eliminating the per-taxable barrel credit; or more complex changes proposed in Ballot Measure 1, which failed to pass in 2020.

The revenue impact of production tax changes is highly dependent on oil prices. At low oil prices, increasing the minimum tax would have a positive revenue impact but modifying the per-taxable barrel credit would have no impact. At higher prices, the reverse is true. The legislature should be mindful of this impact when assembling a fiscal plan to ensure that the plan can survive lower oil prices.

Corporate Income Tax

The petroleum and non-petroleum corporate income taxes are projected to bring in a combined \$445.0 million in FY24. Alaska's 9.4% top marginal rate is the sixth highest in the nation. Alaska is one of two states with a corporate income tax but no individual income tax (along with Florida), which results in C-Corporations paying taxes but S-Corporations not paying taxes (as their income flows through to the owners and personal income is not taxed). The Department of Revenue (DOR) estimates that taxing S-Corporations at the same rates as C-Corporations would raise \$80 million in the first full year administered. Another potential change would be to decouple Alaska's tax code from the federal code, which would eliminate unanticipated shifts in revenue due to changes in federal tax law (such as provisions in the federal CARES Act which allowed taxpayers to carryback losses against past tax liabilities).

Other Resource Taxes

Alaska's Mining License Tax is estimated to bring in \$32.8 million in FY24. The Fisheries Business and Fishery Resource Landing taxes are estimated to bring in \$26.6 million in UGF revenue and an additional \$27.9 million that is shared with municipal governments. National comparisons for these taxes are difficult.

Excise Taxes

Alaska imposes excise taxes on several consumer goods. The largest of these are:

- Tobacco taxes: Estimated FY24 revenue is \$48.7 million, of which \$33.2 million is UGF and \$15.5 million is DGF. Alaska's cigarette tax of \$2 per pack ranks 19th nationwide. The tax on other tobacco products is 75% of the wholesale price, which ranks 8th nationwide.
- Alcoholic beverage tax: \$43.0 million, split equally between UGF and DGF. Alaska's tax is designed to tax all alcoholic beverages equally on a per-drink basis. The \$12.80 per gallon tax on liquor ranks 8th nationwide. The \$2.50 per gallon tax on wine and \$1.07 per gallon tax on beer are both second highest in the country.
- Motor fuel tax: \$32.8 million, all DGF. Alaska's \$0.08 per gallon tax on highway fuel ranks 50th nationwide. Tripling Alaska's tax to the national median of \$0.24 would bring in an additional \$66 million.
- Marijuana taxes: \$33.0 million, of which \$8.5 million is UGF and \$24.5 million is DGF. Alaska taxes \$50/ounce for flowers, \$15/ounce for stems and leaves, and \$25/ounce for immature flowers/buds. National comparisons are challenging because many states have a mix of per-ounce and excise taxes. Twenty-one states either have in place or are implementing permitting and taxation of recreational marijuana.

New Taxes

Income Tax

Income is taxed in 41 states (not including New Hampshire, which exclusively taxes dividends and interest). Of these, 32 have progressive income taxes, and the remaining nine have flat taxes. Alaska had an income tax from statehood until 1980, when it was repealed. At the time of its repeal, Alaska's income tax brackets ranged from 3% to 14.5% and brought in \$117 million in FY79. Adjusted for inflation and population, that is the equivalent of about \$600 million in 2020.

DOR estimates an individual income tax levied at 10% of federal income tax liability would generate \$350 million in the first full year administered. Using federal income tax liability would be consistent with Alaska's existing corporate income tax. However, most other states levy individual income taxes based on federal AGI. LFD estimates an individual income tax based on 3% of AGI, with no exemptions or deductions, would generate \$900 million in the first full year administered.

Sales Tax

Statewide sales taxes exist in 45 states, while four states have no state or local sales tax. Alaska is the only state that has no statewide sales tax but allows for the collection of local sales taxes. Of the 45 states with a statewide sales tax, 37 have additional municipal sales taxes. In Alaska, sales taxes may be levied at the city or borough level. As of 2019, 107 of Alaska's 129 taxing municipalities imposed sales taxes, at rates ranging from 1.5% to 7.5%.

DOR estimates a broad-based 4% sales tax including all services and business to business exempting only prescription drugs, medical equipment, and business-to-business purchases to resale, would generate \$1.28 billion in the first full year administered. DOR estimates that a 4% sales tax styled on Wyoming's sales and use tax would generate \$600 million in the first full year administered. This tax would exempt groceries, prescription medicine, medical equipment, and some business-to-business sales and services.

Property Tax

All 50 states have property taxes that are applied by either state or local governments. Alaska has a statewide property tax for oil and gas property, but other property is taxed only at the municipal level. Fifteen of Alaska's nineteen boroughs levy personal property taxes. Additionally, nine cities located outside of boroughs levy a property tax. Some boroughs rely very heavily on property tax revenue, and Alaska's average property tax burden ranks 21st nationwide despite not being universally applied.

Alaska could impose a statewide property tax that excludes oil and gas property. Implementing such a tax would be administratively challenging because property values would have to be determined in any area of the state that does not already have a property tax. Unlike most states, Alaska does not require that real estate sale prices be reported publicly to ensure accurate assessments, although some municipalities do.

DOR estimates that a tax on all in-state property of 0.1% (10 mills) of assessed value would generate \$117.5 million in the first full year administered.

Payroll Tax or Head Tax

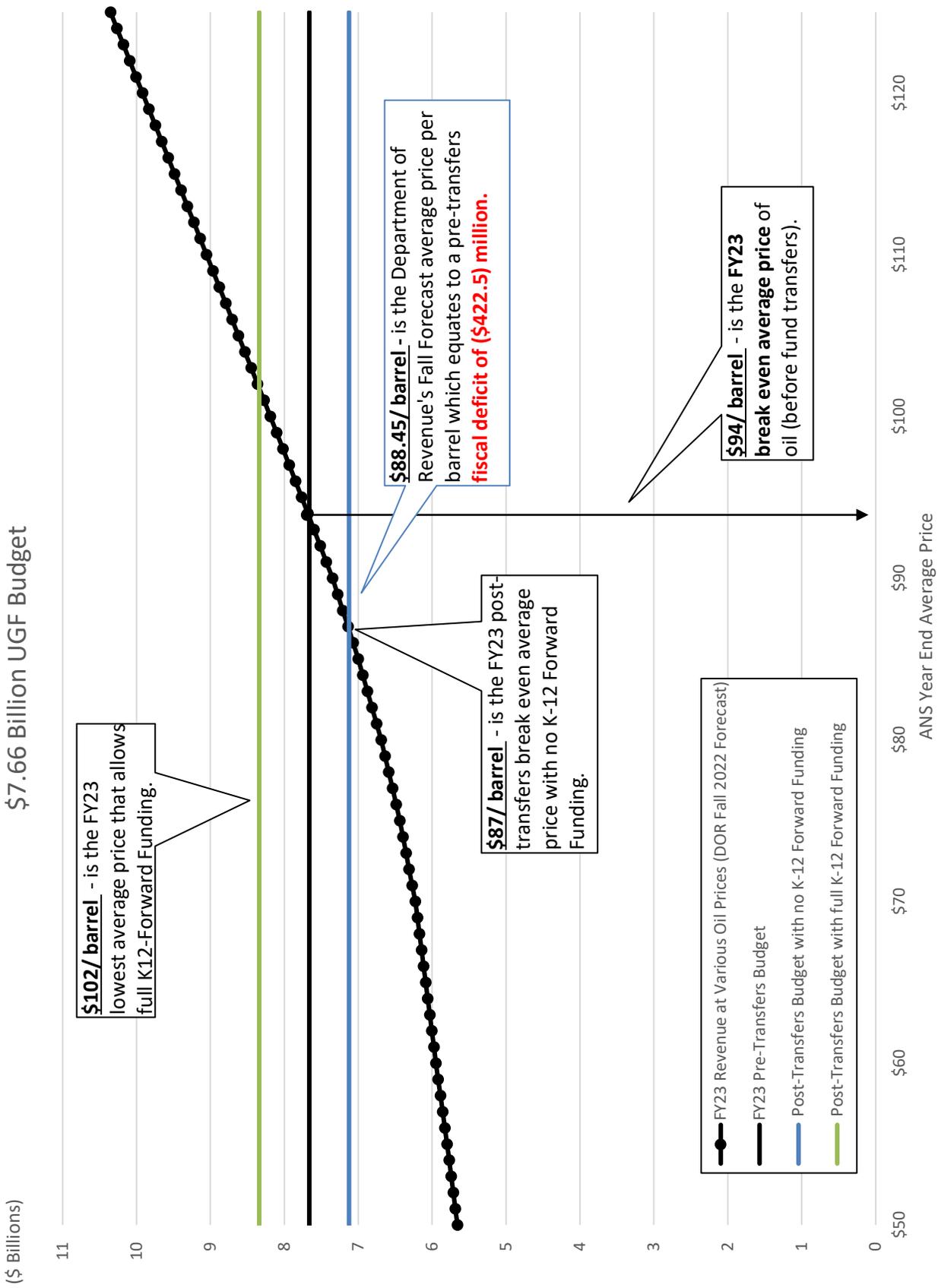
Alaska had a \$10 per worker "head tax" to pay for a portion of the education budget until its repeal in 1980. Such taxes are a flat amount per person rather than a percentage of income. No other state currently imposes a head tax.

Several pieces of legislation have proposed graduated head taxes or other payroll taxes. Such taxes could build on the existing payroll tax administered for workers' compensation so they could be implemented with fewer additional resources. However, these taxes would have a narrower base than an income tax because they exclude dividend and investment income, so their revenue-raising potential is more limited.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

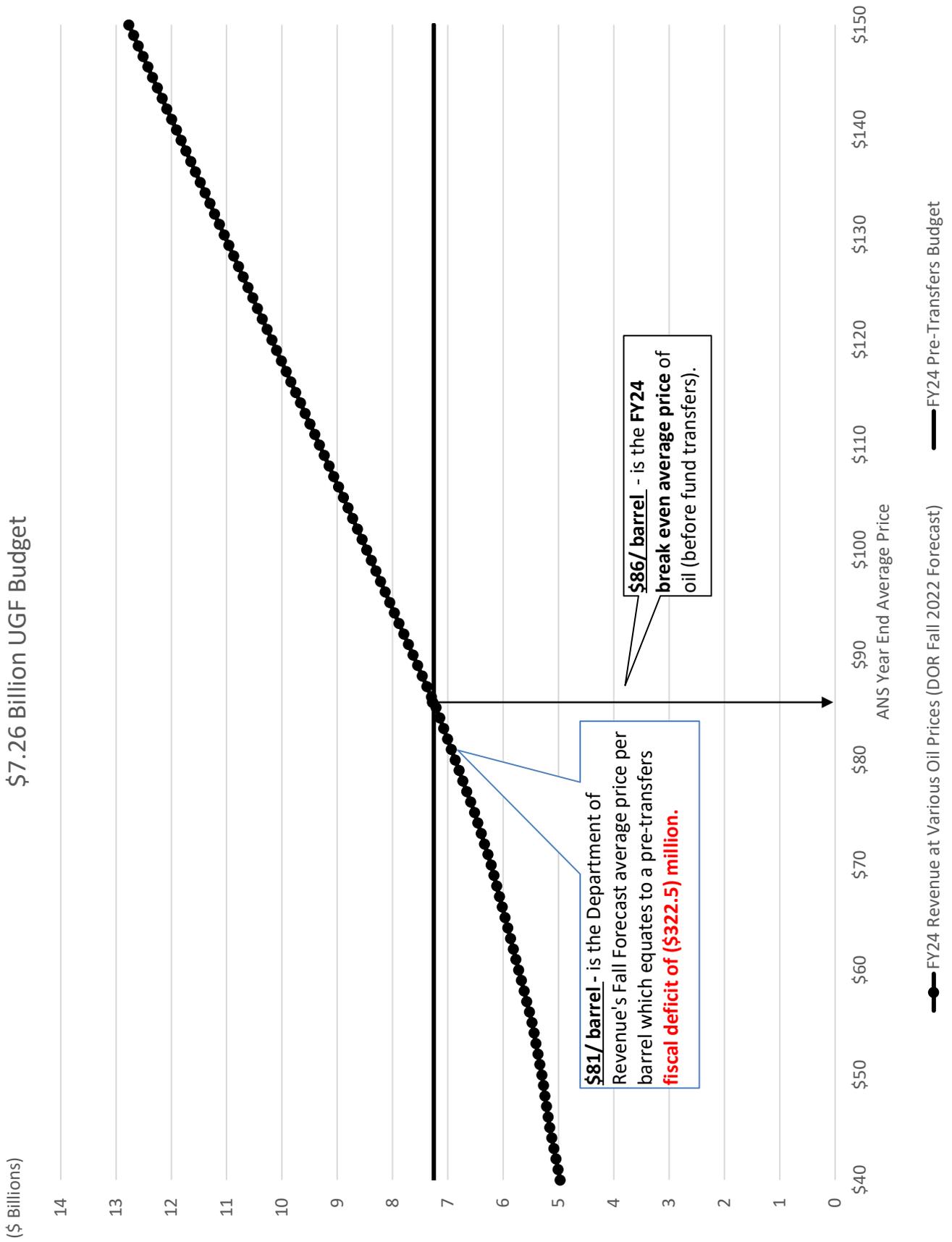
DOR estimates a \$30 payroll tax on all resident and nonresident workers in Alaska would generate \$13.5 million in the first full year administered. DOR estimated the initial implementation cost to be \$11 million, with an additional \$0.8 million in annual administration costs.

FY23 Unrestricted General Fund - Fiscal Sensitivity
\$7.66 Billion UGF Budget



Note: Revenue projections are based on the average price for the entire fiscal year. ANS prices averaged \$97.59 for July-November 2022. An FY23 average price of \$50.00 would require December-June prices to average \$16.01.

FY24 Unrestricted General Fund - Fiscal Sensitivity
\$7.26 Billion UGF Budget



Operating Budget

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Language Sections of the Governor's FY24 Operating Budget

Deleted Sections: FY22 Supplemental Appropriations and FY23 Capital Appropriations

(HB 281 Sections 17-56)

Legislative Fiscal Analyst Comment: The Governor typically submits separate bills requesting supplemental and capital appropriations. During the 2022 session, all supplemental and capital appropriations were rolled into the operating bill.

The Governor's operating bill includes some FY23 supplemental requests. Supplemental requests are typically submitted as a group by the 15th day of each session, as outlined in AS 37.07.070 and AS 37.07.100.

New Section

Sec. 7. SUPPLEMENTAL DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT.

(a) Section 17(a), ch. 1, SSSLA 2021, is amended to read:

(a) The amount of federal receipts received from the American Rescue Plan Act of 2021 (P.L. 117-2) for the following purposes in the fiscal years ending June 30, 2021 and June 30, 2022, estimated to be \$8,711,000, is appropriated to the Department of Education and Early Development for the fiscal years ending June 30, 2021, June 30, 2022, June 30, 2023, [AND] June 30, 2024, and June 30, 2025, for the following purposes and in the following estimated amounts:

PURPOSE	ESTIMATED AMOUNT
Emergency assistance for non-public schools	\$5,793,000
Institute of Museum and Library Services	\$2,159,300
National Endowment for the Arts	\$758,700

(b) Section 17(b), ch. 1, SSSLA 2021, is amended to read:

(b) The amount of federal receipts received from the American Rescue Plan Act of 2021 (P.L. 117-2) for elementary and secondary school emergency relief III in the fiscal years ending June 30, 2021, June 30, 2022, estimated to be \$358,707,000, is appropriated to the Department of Education and Early Development for that purpose for the fiscal years ending June 30, 2021, June 30, 2022, June 30, 2023, [AND] June 30, 2024, and June 30, 2025.

(c) Section 17(c), ch. 1, SSSLA 2021, is amended to read:

(c) The sum of \$2,349,723 is appropriated from federal receipts received from the American Rescue Plan Act of 2021 (P.L. 117-2) for elementary and secondary school emergency relief, homeless children and youth, to the Department of Education and Early Development for

homeless children and youth for the fiscal years ending June 30, 2021, [AND] June 30, 2022, June 30, 2023, June 30, 2024, and June 30, 2025.

Section 7 extends several multi-year appropriations of federal funds from the American Rescue Plan Act (ARPA) through FY25. **Subsections (a) and (b)** extend items that were previously set to lapse at the end of FY24, and **subsection (c)** extends an item that lapsed on June 30, 2022.

Sec. 8. COSTS OF JOB RECLASSIFICATIONS. The money appropriated in this Act includes the amount necessary to pay the costs of personal services because of reclassification of job classes during the fiscal year ending June 30, 2024.

Legislative Fiscal Analyst Comment: This section was added by the legislature several years ago in response to agency requests for supplemental appropriations to cover the costs of reclassifying selected job classes that the legislature was not informed of in advance. The section clarifies that the cost of reclassifying positions is to be absorbed in an agency's existing budget.

Sec. 9. ALASKA AEROSPACE CORPORATION. Federal receipts and other corporate receipts of the Alaska Aerospace Corporation received during the fiscal year ending June 30, 2024, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Corporation for operations for the fiscal year ending June 30, 2024.

Section 9 is intended to maximize the Alaska Aerospace Corporation's (AAC) ability to attract launch activity by eliminating all questions regarding the corporation's ability to accept and spend receipts in a timely manner.

Funding: In FY24, the estimated impact of this section is zero. From FY12 to FY15, the AAC received general fund appropriations for operating and maintenance costs. All general funds were eliminated in FY16. There are no changes to the level of authorization requested in the FY24 Governor's budget.

Deleted Section

HB 281 Section for Alaska Housing Capital Corporation containing reappropriations of multi-year operating items from Department of Health and Social Services to the Departments of Health and Family and Community Services.

The deleted section was related to the split of the Department of Health and Social Services into two departments and do not need to be repeated.

Sec. 10. ALASKA HOUSING FINANCE CORPORATION. (a) The board of directors of the Alaska Housing Finance Corporation anticipates that \$23,445,000 of the adjusted change in net

assets from the second preceding fiscal year will be available for appropriation for the fiscal year ending June 30, 2024.

Subsection (a) is not an appropriation; it merely specifies the amount of corporate receipts that will be made available to the State as a return of capital (commonly called a dividend). The amounts available for dividends in FY21, FY22, and FY23 were \$45.6 million, \$42.6 million, and \$26.6 million, respectively.

Legislative Fiscal Analyst Comment: The statutory dividend is the lesser of \$103 million or 75 percent of the Alaska Housing Finance Corporation's (AHFC) change in net assets in the most recently completed fiscal year [AS 18.56.089(c)]. The FY24 dividend, which is based on FY22 performance, is below recent years. Lower interest rates in FY22 led to lower investment interest income and lower average mortgage portfolio interest rates. The fund also saw more early loan payoffs (due to low interest rates and refinancing elsewhere) than new loans.

(b) The Alaska Housing Finance Corporation shall retain the amount set out in (a) of this section for the purpose of paying debt service for the fiscal year ending June 30, 2024, in the following estimated amounts:

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

(2) \$2,745,000 for debt service on the bonds authorized under sec. 4, ch. 120, SLA 2004.

Subsection (b) makes no appropriation; it informs the legislature that AHFC will retain \$3.7 million of the FY24 dividend in order to pay debt service on two capital projects for which AHFC issued debt on behalf of the State, as authorized by past legislatures, leaving \$19.7 million.

Legislative Fiscal Analyst Comment: In FY23, AHFC retained \$8.3 million of its dividend for debt service. The lower amount in FY24 is primarily because the corporation made the final payment on a bond issued for debt incurred in 2002.

(c) After deductions for the items set out in (b) of this section and deductions for appropriations for operating and capital purposes are made, any remaining balance of the amount set out in (a) of this section for the fiscal year ending June 30, 2024, is appropriated to the general fund.

Subsection (c) appropriates any unappropriated portion of the dividend to the general fund. After subtracting the debt service listed in subsection (b), the net dividend is \$19.7 million. The Governor's request spends \$17.95 million from that fund source, leaving \$1.75 million to transfer to the general fund under this language.

Legislative Fiscal Analyst Comment: The entire net dividend (\$19.7 million) is identified as unrestricted general fund revenue. However, the language in **subsection (c)** allows AHFC to retain (and invest) dividends until the money is required to cover expenses associated with capital projects funded by dividends. Investment earnings contribute to AHFC's bottom line.

While appropriating the entire net dividend to the general fund would allow investment earnings to accrue to the general fund rather than to AHFC, the corporation has successfully argued for retention of the current method of accounting for dividends.

(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 the fiscal year ending June 30, 2024, 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 between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under procedures adopted by the board of directors.

Subsection (d) appropriates certain FY24 receipts of AHFC to the corporation and permits the corporation to allocate those receipts to the AHFC Revolving Loan Fund and the Senior Housing Revolving Fund.

Funding: The corporate receipts used for purposes other than operating costs do not appear in the bill summary or in Legislative Finance Division reports. Corporate operating costs are appropriated in **section 1**.

(e) The sum of \$800,000,000 is appropriated from the corporate receipts appropriated to the Alaska Housing Finance Corporation and allocated between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under (d) of this section to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2024, for housing loan programs not subsidized by the corporation.

(f) The sum of \$30,000,000 is appropriated from the portion of the corporate receipts appropriated to the Alaska Housing Finance Corporation and allocated between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under (d) of this section that is derived from arbitrage earnings to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2024, for housing loan programs and projects subsidized by the corporation.

Subsections (e) and (f) appropriate bond proceeds and arbitrage earnings to various housing programs.

Legislative Fiscal Analyst Comment: Because AHFC has statutory authority to issue bonds and transfer arbitrage earnings to its loan programs, **subsections (e) and (f)** could be removed. However, they do no harm and are informative. The amounts are not reflected in reports prepared by the Legislative Finance Division.

(g) Designated program receipts under AS 37.05.146(b)(3) received by the Alaska Housing Finance Corporation, estimated to be \$40,000,000, for administration of housing and energy programs on behalf of a municipality, tribal housing authority, or other third party are appropriated to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2024.

Subsection (g) facilitates funds collected by the Municipality of Anchorage and other entities to be distributed on a statewide basis through AHFC's programs. Federal COVID-19 relief bills have directed funding directly to Anchorage and tribal entities for the same purpose as programs that AHFC administers for the rest of the state.

Legislative Fiscal Analyst Comment: A similar appropriation was made as an FY21-22 multi-year supplemental in HB 69 with a \$96 million estimate and again as an FY23-24 multi-year with a \$40 million estimate. While the FY23-24 multi-year appropriation was not confined to receipts received in FY23, based on the Alaska Supreme Court ruling in *Dunleavy v. Alaska Legislative Council* that appropriation could not apply to receipts received in a future fiscal year.

Sec. 11. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY. The amount to be declared available under AS 44.88.088 by the board of directors of the Alaska Industrial Development and Export Authority as the dividend for the fiscal year ending June 30, 2024, up to \$17,904,000, is appropriated from the unrestricted balance in the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060), the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), and the Arctic infrastructure development fund (AS 44.88.810) to the general fund.

Section 11 informs the legislature that the anticipated annual Alaska Industrial Development and Export Authority (AIDEA) corporate dividend to the State will be \$6.5 million. Dividends for FY20, FY21, FY22, and FY23 were \$10.3 million, \$14.5 million, \$17.3 million, and \$6.5 million respectively. By statute (AS 44.88.088), the dividend made available should not be less than 25 percent and not more than 50 percent of the base year statutory net income.

The FY24 AIDEA dividend approved by the AIDEA Board in December of 2022 is \$17,046,000. The dividend was based on statutory net income from the Revolving Fund. The Sustainable Energy Transmission and Supply (SETS) Fund and the Arctic Infrastructure Development Fund were not included in the dividend calculation. The dividend was calculated as the maximum 50% of statutory net income from the Revolving Fund only.

Legislative Fiscal Analyst Recommendation: The dividend was set by the corporation after preparation of the Governor's budget. Revise this language to reflect the actual dividend amount (\$17.0 million) instead of the estimate (\$17.9 million).

Sec. 12. ALASKA PERMANENT FUND. (a) The amount required to be deposited under art. IX, sec. 15, Constitution of the State of Alaska, estimated to be \$430,383,000, during the fiscal year ending June 30, 2024, is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

Subsection (a) identifies an amount of oil revenue that goes into the Permanent Fund. Because the constitution mandates that at least 25 percent of royalties be deposited in the Permanent

Fund, that dedicated revenue flows directly to the Permanent Fund. Dedicated deposits to the Permanent Fund are excluded from general fund revenue and from appropriations reported by the Legislative Finance Division. Arguably, appropriation of dedicated revenue is not necessary, but it does no harm, and the language is informative.

(b) The amount necessary, when added to the appropriation made in (a) of this section, to satisfy the deposit described under AS 37.13.010(a)(2), estimated to be \$76,416,000, during the fiscal year ending June 30, 2024, is appropriated from the general fund to the principal of the Alaska permanent fund.

Subsection (b) identifies an amount of oil revenue that goes into the Permanent Fund. This subsection reflects the additional 25 percent of royalties from oil fields newer than 1979 to be deposited into the Permanent Fund. The non-mandated deposits require appropriation and are reflected as additional designated general fund revenue. Both revenue and expenditures are included in reports prepared by Legislative Finance Division.

Legislative Fiscal Analyst Comment: Since FY21, this royalty deposit has been identified using fund code 1262 (Non-mandatory Royalty Deposits to the Permanent Fund) as a Designated General Fund appropriation. Legal advice from Legislative Legal Services and the Department of Law confirm that this deposit is subject to appropriation, and therefore should be counted as statutorily designated revenue.

(c) The sum of \$3,526,087,852, as calculated under AS 37.13.140(b), is appropriated from the earnings reserve account (AS 37.13.145) as follows:

(1) the amount authorized under AS 37.13.145(b) for transfer on June 30, 2023, estimated to be \$2,470,900,000, to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and for administrative and associated costs for the fiscal year ending June 30, 2024;

(2) the remaining balance, estimated to be, \$1,055,187,852, to the general fund for the fiscal year ending June 30, 2024.

Subsection (c) appropriates funds from the earnings reserve account to the dividend fund and general fund. The statutory five percent of market value (POMV) payout is \$3.53 billion in FY24. The Governor splits the draw, with the statutory amount going to the dividend fund in **subsection (1)**, as calculated on the last day of the FY23 to pay dividends in October of FY24. The remainder of the POMV draw is appropriated to the general fund in **subsection (2)**.

Funding: The projected \$2.5 billion dividend transfer includes funding for administrative and associated costs. Administrative and associated costs for FY24 are reflected in **section 1** of the budget.

Legislative Fiscal Analyst Comment: The fiscal summary shows this transfer from the ERA as unrestricted general fund revenue. In some years, the entire POMV draw has been deposited into the general fund and the general fund was used to pay PFDs. There is no practical difference between that approach and the language in the Governor's budget.

(d) The income earned during the fiscal year ending June 30, 2024, on revenue from the sources set out in AS 37.13.145(d), estimated to be \$29,283,600, is appropriated to the Alaska capital income fund (AS 37.05.565).

Subsection (d) appropriates FY24 earnings associated with the State vs. Amerada Hess settlement (that are held within the Permanent Fund) to the Alaska Capital Income Fund. The Alaska Capital Income Fund was established in FY05 and, per ch. 88, SLA 2018, is designated for capital deferred maintenance projects.

Legislative Fiscal Analyst Comment: The Amerada Hess settlement resulted in the creation of a “fenced off” portion of the Permanent Fund that was intended to ensure that Alaska juries would not be personally affected (via Permanent Fund Dividends) by lawsuits involving revenue to the Permanent Fund.

(e) The amount calculated under AS 37.13.145(c), after the appropriations made in (c) of this section, estimated to be \$1,413,000,000, is appropriated from the earnings reserve account (AS 37.13.145) to the principal of the Alaska permanent fund to offset the effect of inflation on the principal of the Alaska permanent fund for the fiscal year ending June 30, 2024.

Subsection (e) appropriates the statutory inflation proofing transfer from the ERA to the principal of the Permanent Fund.

Legislative Fiscal Analyst Comment: The estimated amount for FY24 is based on the Permanent Fund’s long-term inflation assumption of 2.50 percent. The statutory calculation in AS 37.13.145(c) is based on inflation in calendar year 2023. In calendar year 2022 (used as the basis of the FY23 inflation-proofing transfer), the estimated inflation rate was 7.66% through the October quarterly update. Legislative Finance will update the estimated amount as the year progresses.

Deleted Subsection

If the unrestricted general fund revenue, including the appropriations made in (c) of this section, collected in the fiscal year ending June 30, 2023, exceeds \$8,225,000,000, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2023, of the difference between \$8,225,000,000 and the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2023, estimated to be \$106,000,000, is appropriated from the general fund to the principal of the Alaska permanent fund.

The deleted section appropriated unrestricted general fund revenue received above a set dollar figure to the principal of the Permanent Fund. The dollar figure in the legislature’s FY23 budget corresponded to estimated revenue at \$100 per barrel, but the Governor vetoed that threshold upwards to about \$110 per barrel. Based on the Department of Revenue’s Fall Forecast, the estimated impact of this section is now zero.

Sec. 13. DEPARTMENT OF ADMINISTRATION. (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 for the fiscal year ending June 30, 2024.

Subsection (a) appropriates funds from the Catastrophe Reserve Account to the Department of Administration to obtain insurance, establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.

Funding: This provision has no budget impact; it allows money appropriated elsewhere to be transferred and spent but does not increase total appropriations.

Legislative Fiscal Analyst Comment: This 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 Catastrophe Reserve Account sweeps lapsing general fund appropriations annually to maintain a balance not to exceed \$50 million per AS 37.05.289(b). If these funds were not available, two opportunities would remain for meeting catastrophic situations: 1) supplemental appropriations by the legislature; and 2) judgment legislation. Delays that could occur with legislative remedies would cause difficulty in situations that require immediate action.

(b) The amount necessary to fund the uses of the working reserve account described in AS 37.05.510(a) is appropriated from that account to the Department of Administration for those uses for the fiscal year ending June 30, 2024.

Subsection (b) appropriates funds from the Working Reserve Account to the Department of Administration (DOA) to pay leave cash-in, terminal leave, unemployment insurance contributions, workers compensation, and general liability claims.

Funding: This provision has no budget impact; it allows money appropriated elsewhere to be transferred to and spent by the DOA, but it does not increase total appropriations.

FY22 actual usage was \$45.9 million, and collections were \$40.2 million, for a \$5.7 million shortfall. This shortfall was covered using lapsing balances of other appropriations as authorized in subsection (c). DOA's projected need is \$44.2 million for FY23 and FY24. If the projections are accurate, collections will be \$1.2 million less than usage in FY23 and FY24.

Usage increased during the COVID-10 pandemic (peaking in FY21) due to employees taking less leave due to travel restrictions, resulting in an increase in leave cash-ins to meet contractually mandated leave requirements. DOA projects that usage will decline, but remain above pre-pandemic levels.

Legislative Fiscal Analyst Comment: This section re-emphasizes the State's authority to expend funds from the Working Reserve Account described in AS 37.05.510.

The Working Reserve Account consists primarily of money appropriated to agencies (for the listed purposes) as a portion of personal services costs. The Department of Administration allocates money from each agency to the Working Reserve Account as part of the payroll process. If the amount in the account is insufficient to cover expenses, the Department of Administration may sweep lapsing personal services appropriations in order to cover expenses.

(c) The amount necessary to have an unobligated balance of \$5,000,000 in the working reserve account described in AS 37.05.510(a) is appropriated from the unexpended and unobligated balance of any appropriation enacted to finance the payment of employee salaries and benefits that is determined to be available for lapse at the end of the fiscal year ending June 30, 2024, to the working reserve account (AS 37.05.510(a)).

Subsection (c) appropriates funds from the Working Reserve Account to the Department of Administration to pay leave cash-in, terminal leave, unemployment insurance contributions, workers compensation, and general liability claims.

Legislative Fiscal Analyst Comment: This section re-emphasizes the State's authority to transfer lapsing balances to the Working Reserve Account described in AS 37.05.510.

In FY21, an accounting error resulted in a \$2.4 million unobligated balance instead of the target of \$5 million. As a result, lapse contributions in FY22 increased to bring the fund back to its target level.

(d) The amount necessary to maintain, after the appropriation made in (c) of this section, a minimum target claim reserve balance of one and one-half times the amount of outstanding claims in the group health and life benefits fund (AS 39.30.095), estimated to be \$10,000,000, is appropriated from the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2024, to the group health and life benefits fund (AS 39.30.095).

Funding: This provision has no budget impact; it allows money appropriated elsewhere to be transferred to the Group Health and Life Benefits Fund, but it does not increase total appropriations.

Legislative Fiscal Analyst Comment: Previous versions of this language allowed the unobligated balance of the fund to be capped at \$10 million (using lapsing funds); this language, first enacted in FY23, raises the ceiling to 1.5 times the amount of outstanding claims, which is the minimum target claim reserve balance.

In FY22, the outstanding claims (also known as Incurred but Not Recorded [IBNR]) was \$13.8 million; the target claim reserve balance would have been \$20.7 million (1.5 x \$13.8 million). The unobligated fund balance was \$14 million on 6/30/22; therefore, the difference between the unobligated fund balance and the target claim reserve balance was \$6.7 million. This \$6.7 million was the amount appropriated from lapsing funds under the proposed language. Under the previous language with the \$10 million cap, \$0 of lapsing funds would have been appropriated because the fund balance of \$14 million is greater than the \$10 million cap.

The Division of Retirement and Benefits' consultant (Segal) and the Health Benefits Evaluation Committee recommend a range of 1.5 to 2.5 times the IBNR liability to absorb claims volatility and provide stability in premiums. In FY17 the fund balance was declining rapidly and anticipated to be exhausted by the end of that fiscal year. The legislature made a direct appropriation of \$7.5 million UGF in FY17 and in FY18 the appropriation of lapsing balances into the fund began.

Updated information on the status of this fund was not received at the time of this publication.

(e) The amount necessary to have an unobligated balance equal to the amount of the cap set in AS 37.05.289(b) in the state insurance catastrophe reserve account (AS 37.05.289(a)), after the appropriations made in (c) and (d) of this section and sec. 30 of this Act, is appropriated from the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2024, to the state insurance catastrophe reserve account (AS 37.05.289(a)).

See comments in **section 13(a) and section 30** for additional information about the catastrophe reserve account.

Legislative Fiscal Analyst Comment: This section re-emphasizes the State's authority to transfer lapsing general fund balances to the Insurance Catastrophe Reserve Account described in AS 37.05.289.

This appropriation would allow the transfer, currently in statute to up to \$50 million, from lapsing general fund appropriations to the Catastrophe Reserve Account, after the appropriations of lapsing general fund balances are transferred to the Working Reserve Account (up to \$5 million), the Group Health Life Account (estimated to be \$10 million), and the Office of Management and Budget to central service agencies for central services cost allocation rate shortfalls (up to \$5 million).

The statute was amended in the 2022 session to increase the cap set in AS 37.05.289(b) from \$5 million to \$50 million (chapter 22, SLA22 (HB 102)), which was the annual limit on the property coverage purchased. The intent of legislation is to allow the Department of Administration to self-fund property insurance if sufficient money in the Insurance Catastrophe Reserve Account is collected.

Property insurance premiums in the global markets increased 30% from FY20 to FY21 (from \$5.1 million to \$6.6 million) and were project to increase another 15% to between \$7.6 and \$7.9 million in FY22. From FY10 to FY20 the property premiums exceeded the property losses in 9 of the 10 years. The department projected \$3 million in savings the first year, and \$25 million over the next five years, contingent on sufficient money in the account being available to self-fund the property insurance program. Updated information on the actual costs in FY22 and the projected costs in FY23 and FY24 was not received at the time of this publication.

(f) If the amount necessary to cover plan sponsor costs, including actuarial costs, for retirement system benefit payment calculations exceeds the amount appropriated for that purpose in sec. 1 of

this Act, after all allowable payments from retirement system fund sources, that amount, not to exceed \$500,000, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2024.

Subsection (f) appropriates general funds to pay for costs of retirement system benefit calculations that exceed the \$256.6 appropriated to the Department of Administration in **section 1**.

Legislative Fiscal Analyst Comment: The pension and retiree health plans are trust funds and must adhere to federal and state rules regarding benefit trusts. The rules make a clear distinction between expenses that are for the benefit of the plan participants and expenses that are for the benefit of the plan sponsor. The expenses that benefit the plan sponsor are called settlor expenses or costs. Costs that benefit the plan sponsor cannot be paid for by retiree health trust funds as these expenses are for the benefit of the plan sponsor.

(g) The amount necessary to cover actuarial costs associated with bills introduced by the legislature, estimated to be \$0, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2024.

Subsection (g) appropriates general funds in FY24 to pay for actuarial costs associated with bills introduced by the legislature. As with settlor expenses, trust funds cannot be used for costs that do not benefit the trustees.

Sec. 14. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The unexpended and unobligated balance of federal money apportioned to the state as national forest income that the Department of Commerce, Community, and Economic Development determines would lapse into the unrestricted portion of the general fund on June 30, 2024, under AS 41.15.180(j) is appropriated to home rule cities, first class cities, second class cities, a municipality organized under federal law, or regional educational attendance areas entitled to payment from the national forest income for the fiscal year ending June 30, 2024, to be allocated among the recipients of national forest income according to their pro rata share of the total amount distributed under AS 41.15.180(c) and (d) for the fiscal year ending June 30, 2024.

Subsection (a) appropriates any remaining balance of National Forest Receipts to be paid as grants to local governments in the unorganized borough.

Legislative Fiscal Analyst Comment: National Forest Receipts consist of national forest income received by the Department of Commerce, Community, and Economic Development (DCCED) for the portion of national forests located within the unorganized borough. By law, 75 percent of the income is allocated to public schools and 25 percent for maintenance of public roads in the unorganized borough.

AS 41.15.180(j) states that the amount in the national forest receipts fund remaining at the end of the fiscal year lapses into the general fund and shall be used for school and road maintenance in the affected areas of the unorganized borough for which direct distribution has not been made.

Under AS 41.15.180(j), lapsing money must be spent in areas that do not receive money under AS 41.15.180(c) and (d). **Subsection (a)** takes money that would otherwise be spent in unorganized areas within the unorganized borough and appropriates it to local governments within the unorganized borough.

(b) If the amount necessary to make national forest receipts payments under AS 41.15.180 exceeds the amount appropriated for that purpose in sec. 1 of this Act, the amount necessary to make national forest receipts payments is appropriated from federal receipts received for that purpose to the Department of Commerce, Community, and Economic Development, revenue sharing, national forest receipts allocation, for the fiscal year ending June 30, 2024.

Subsection (b) is an open-ended appropriation intended to ensure that all federal funding received for the National Forest Receipts program is disbursed expeditiously to communities.

Funding: The estimated impact of this section is unknown. The agency estimates the actual funding amount will be \$8-10 million.

Legislative Fiscal Analyst Comment: Although the National Forest Receipts (NFR) program was scheduled to sunset in FY08, the program continued to be reauthorized for several years. Historical NFR and Secure Rural Schools (SRS) revenue levels averaged \$10.7 million annually from FY10 through FY20. In FY17, the Secure Rural Schools program was not extended by Congress so NFR Payments reverted to the original distribution formula of about \$600,000. The program was reauthorized in FY18 through FY21. The program has been reauthorized for FY24, but the actual amount of the distribution is not yet known.

Legislative Fiscal Analyst Recommendation: Increase the base funding amount in Section 1 to match the expected amount more closely.

(c) If the amount necessary to make payments in lieu of taxes for cities in the unorganized borough under AS 44.33.020(a)(20) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the amount necessary to make those payments is appropriated from federal receipts received for that purpose to the Department of Commerce, Community, and Economic Development, revenue sharing, payment in lieu of taxes allocation, for the fiscal year ending June 30, 2024.

Subsection (c) is intended to ensure that all federal funding received for the Payment in Lieu of Taxes (PILT) program is disbursed to communities expeditiously.

Funding: The estimated impact of this section is zero. The \$10.4 million appropriated in **section 1** for this program should be sufficient.

Legislative Fiscal Analyst Comment: The Payment in Lieu of Taxes (PILT) program is subject to federal appropriation and reauthorization for FY24.

Legislative Fiscal Analyst Recommendation: Retain subsection (c) despite the outlook for FY24. If there is no program, the language does no harm; if the program is reauthorized, Alaska will be ready to distribute money to communities.

(d) The amount necessary for the purposes specified in AS 42.45.085(a), estimated to be \$48,049,800, not to exceed the amount determined under AS 42.45.080(c)(1), is appropriated from the power cost equalization endowment fund (AS 42.45.070(a)) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2024.

Subsection (d) appropriates money from the Power Cost Equalization Endowment Fund to the Alaska Energy Authority (AEA) for the Power Cost Equalization (PCE) program. As of June 30, 2022, the endowment fund balance was \$960.4 million.

Funding: Total PCE program cost is projected to be \$48.0 million in FY24. This incorporates the impact of Ch. 39, SLA2022 (SB 243), which expanded the program by an estimated \$15.7 million per year.

Legislative Fiscal Analyst Comment: See the Department of Commerce, Community, and Economic Development's Summary of Budget Changes for additional details.

(e) The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$150,000, is appropriated to the Alaska Oil and Gas Conservation Commission for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond for the fiscal year ending June 30, 2024.

Subsection (e) permits the Alaska Oil and Gas Conservation Commission (AOGCC) to collect on a performance bond, should that action become necessary.

Legislative Fiscal Analyst Comment: Similar language in section 19(c) applies to the Department of Natural Resources.

(f) The sum of \$301,214 is appropriated from the civil legal services fund (AS 37.05.590) to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Legal Services Corporation for the fiscal year ending June 30, 2024.

Subsection (f) is a named recipient grant to the Alaska Legal Services Corporation.

Legislative Fiscal Analyst Comment: The capitalization of the Civil Legal Services Fund occurs under Fund Transfers in section 26(c).

(g) The amount of federal receipts received for the reinsurance program under AS 21.55 during the fiscal year ending June 30, 2024, is appropriated to the Department of Commerce, Community, and Economic Development, division of insurance, for the reinsurance program under AS 21.55 for the fiscal years ending June 30, 2023, and June 30, 2024.

Subsection (g) appropriates federal receipts received in FY24 for the reinsurance program in FY23 and FY24.

Legislative Fiscal Analyst Recommendation: Modify this language to confine FY24 revenue to expenditures in FY24.

New Subsection

(h) The amount of statutory designated program receipts received by the Alaska broadband office, estimated to be \$0, is appropriated to the Department of Commerce, Community, and Economic Development, Alaska broadband office, for the fiscal year ending June 30, 2024.

Subsection (h) is an open-ended appropriation of statutory designated program receipts to the Alaska Broadband Office within the Department of Commerce, Community, and Economic Development.

Legislative Fiscal Analyst Comment: The agency reports that there are possibilities for partnerships with private foundations and nonprofit organizations. This open-ended authority would allow the agency to quickly enter into agreements with such organizations.

New Subsection

(i) The amount of federal receipts received by the Alaska broadband office for broadband activities is appropriated to the Department of Commerce, Community, and Economic Development, Alaska broadband office, for the fiscal year ending June 30, 2024.

Subsection (i) is an open-ended appropriation of federal authority to the Alaska Broadband Office within the Department of Commerce, Community, and Economic Development.

Legislative Fiscal Analyst Comment: The agency reports that the bulk of federal funding from the Broadband Equity and Deployment (BEAD) program is expected to be received in FY25 (which may be about \$100 million per year), but this language would allow some limited funding to be spent in late FY24 if it is received early. It could also be used for smaller federal funding opportunities.

Legislative Fiscal Analyst Recommendation: Given the scale of the potential federal funding that could be received under this section if awards are available early, the legislature should place limits on this appropriation (such as putting a fixed dollar amount in the numbers section for the smaller grants). Federal funding received late in FY24 could be appropriated in the FY24 supplemental. The BEAD program appears to fit more cleanly in the capital budget.

New Subsection

(j) The sum of \$1,000,000 is appropriated from program receipts collected under AS 21 by the Department of Commerce, Community, and Economic Development, to the division of insurance for actuarial support for fiscal years ending June 30, 2024, and June 30, 2025.

Subsection (j) provides program receipt authority for DCCED to contract out actuarial services that have been difficult to fill due to private sector competition. The Department has two Actuary positions, one for life and health (vacant since FY20) and another for property and casualty (vacant since 9/21). Sufficient revenue exists to cover this request.

Legislative Fiscal Analyst Comment: DCCED previously had authorization for FY22 and FY23 for this same purpose. The department is requesting to continue this authorization through FY24 and FY25.

Deleted Subsection

The unexpended and unobligated balance on June 30, 2022, of federal receipts the Alaska Seafood Marketing Institute received from the American Rescue Plan Act of 2021 (P.L. 117-2), estimated to be \$0, is reappropriated to the Department of Commerce, Community, and Economic Development, Alaska Seafood Marketing Institute, for seafood marketing activities for the fiscal years ending June 30, 2023, and June 30, 2024.

The deleted section allowed the Alaska Seafood Marketing Institute to carry forward unspent ARPA funds from FY22 into FY23 and FY24. No funds remained to be carried forward.

Sec. 15. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. (a) An amount equal to 50 percent of the donations received under AS 43.23.230(b) for the fiscal year ending June 30, 2024, estimated to be \$450,000, is appropriated to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each school district adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2024.

Subsection (a) appropriates half of all donations made to the dividend raffle during FY24 to the Department of Education and Early Development for school grants.

Legislative Fiscal Analyst Comment: After taking half of the donations to pay for the aforementioned grants, the remaining donations are distributed equally to the Education Endowment Fund and Dividend Raffle Fund. The education grants are distributed to school districts according to the adjusted average daily membership for each district.

(b) Federal funds received by the Department of Education and Early Development, education support and administrative services, for grants or reimbursement to educational entities and nonprofit and nongovernment organizations that exceed the amount appropriated to the Department of Education and Early Development for education support and administrative

services in sec. 1 of this Act are appropriated to the Department of Education and Early Development, education support and administrative services, for that purpose for the fiscal year ending June 30, 2024.

Subsection (b) appropriates any additional prior year federal revenue not appropriated in section 1 of this act for the purpose of reimbursing federal grant funding to educational entities as well as nonprofit and nongovernmental organizations.

Legislative Fiscal Analyst Comment: The majority of federal grants in the Student and School Achievement component operate on overlapping 27-month grant cycles. Sub-grantees are able to expend grant awards across multiple state fiscal years. In order to accommodate the ability of grantees to expend from multiple concurrent grants, Student and School Achievement requires authority to collect and expend federal revenue awarded in prior years. The previous practice of carrying this necessary authority in the numbers section artificially raised the Department of Education & Early Development's budget. By placing this authority in the language section, the department can avoid carrying over \$10 million in excess authority in a given year. This language item was first enacted in FY21.

(c) The proceeds from the sale of state-owned Mt. Edgecumbe High School land in Sitka by the Department of Education and Early Development or the Department of Natural Resources are appropriated from the general fund to the Department of Education and Early Development, Mt. Edgecumbe high school, for maintenance and operations for the fiscal year ending June 30, 2024.

Subsection (c) appropriates proceeds from land sales owned by the Department of Education and Early Development to Mt. Edgecumbe boarding school for maintenance and operations. This language section was added in FY21 and has remained in the budget annually since then.

Legislative Fiscal Analyst Comment: DEED agreed to sell one parcel in FY23 (see the item below) and is in negotiations to sell four to five more.

New Subsection

(d) The unexpended and unobligated balance of revenue received for the sale of land during fiscal year ending June 30, 2023, estimated to be \$500,000, is appropriated to the Department of Education and Early Development, Mt. Edgecumbe high school, for operations and maintenance for the fiscal year ending June 30, 2024.

Subsection (d) appropriates the remaining balance of revenue received in FY23 from the sale of land (presumably referring to state land owned by DEED in Sitka, not all state land sales) to Mt. Edgecumbe for operations and maintenance for FY24.

Legislative Fiscal Analyst Comment: DEED agreed to sell a parcel for \$749,425, which should be finalized during FY23. A previous appropriation in the FY23 budget gave DEED receipt authority to spent these funds on operations and maintenance for Mt. Edgecumbe in FY23. This

language is intended to provide a way to carry that revenue forward into FY24. The State Board of Education approved the sale on condition that the funds be used for Mt. Edgecumbe.

This appropriation language does not accomplish the intended purpose due to a July 1, 2023 effective date (after the appropriation in question has lapsed), and due to the nonspecific nature of the language regarding land sales (it does not specify land from Mt. Edgecumbe only).

Legislative Fiscal Analyst Recommendation: To accomplish the same goal, the appropriation made in SLA2022 for FY23 that is similar to **subsection (c)** above could be modified to allow expenditures in FY23 and FY24 (or even through FY25 or FY26).

Since land sales are ongoing, a series of overlapping multi-year appropriations may be an unwieldy method for accomplishing the goal of ensuring that funds are returned to Mt. Edgecumbe. The legislature should consider passing legislation to authorize the creation of a fund for the sale proceeds. This would allow the funds to be retained for the designated purpose and be spent gradually over time, without a cumbersome series of overlapping multi-year appropriations.

New Subsection

(e) The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2023, for the issuance of celebrating the arts license plates, less the cost of issuing the license plates, estimated to be \$5,000, is appropriated from the general fund to the Department of Education and Early Development, Alaska State Council on the Arts, for administration of the celebrating the arts license plate contest for the fiscal year ending June 30, 2024.

Ch. 18, SLA 2022 (SB 71) authorized the Alaska State Council on the Arts to determine a fee of up to \$50 for a special vehicle registration plate celebrating the arts. **Section (e)** appropriates an amount equal to fees collected in FY23 from the general fund to the Arts Council to pay for the artist's design fee, preparation for production, and educational materials about the program.

Funding: This section is funded with general funds because the license plate proceeds, collected in FY23, lapse to the general fund if unspent.

Legislative Fiscal Analyst Recommendation: Since license plate sales will continue into FY24 and beyond, the legislature should consider adding \$5.0 of license plate proceeds to the numbers section for the Arts Council using fund code 1234. This would avoid future language appropriations for this item.

Deleted Subsections

The sum of \$1,647,500 is appropriated from the general fund to the Department of Education and Early Development for the purpose of expanding the number of seats from 20 to 30 for Alaska under the medical education program described in AS 14.42.033, known as "WWAMI" (Washington, Wyoming, Alaska, Montana, and Idaho), for the fiscal years ending June 30, 2023, and June 30, 2024.

The **deleted section** was an FY23-24 multi-year appropriation to support the expansion of WWAMI from 20 students to 30. UAA was unable to accommodate the students in FY23, so the funding was made available for FY24 as well to provide certainty that the funding would be available for a new class.

Legislative Fiscal Analyst Comment: The Governor requests funding for the same amount in the numbers section in FY24 (using the Higher Education Fund instead of the general fund). This item could be repealed or allowed to lapse if that item is funded, as they both provide funds for the same purpose.

In addition to the amounts appropriated in sec. 1 of this Act for the purpose of providing boarding stipends to districts under AS 14.16.200, the sum of \$4,267,900 is appropriated from the general fund to the Department of Education and Early Development for that purpose for the fiscal year ending June 30, 2023.

The **deleted section** was vetoed in half by the Governor in the FY23 budget. It appropriated an additional amount for boarding stipends to school districts that operate residential boarding schools (other than Mount Edgecumbe).

The sum of \$57,000,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2023.

The **deleted section** appropriated \$57 million of one-time funding outside the K-12 foundation formula to school districts, distributed according to the formula.

Deleted Section

Numerous sections reappropriating multi-year appropriations from the Department of Health and Social Services to the new Department of Family and Community Services were deleted.

The **deleted sections** were related to the split of the Department of Health and Social Services into two departments and do not need to be repeated.

Sec. 16. DEPARTMENT OF HEALTH. (a) Federal receipts received during the fiscal year ending June 30, 2024, for Medicaid services are appropriated to the Department of Health, Medicaid services, for Medicaid services for the fiscal year ending June 30, 2024.

Subsection (a) provides open-ended federal receipt authority to the Medicaid program.

Legislative Fiscal Analyst Comment: Similar language was added to sec. 28, Ch. 8, SLA 2020 specifically to allow the department flexibility with receiving federal funding related to the COVID-19 pandemic. The Families First Coronavirus Response Act, amended by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, authorized a 6.2% percentage point increase in federal Medicaid matching funds to help states respond to the COVID-19 pandemic.

The department anticipates a potential need for this flexibility into FY24 should the enhanced Medicaid Federal Medical Assistance Percentage (FMAP) be extended beyond March 31, 2023, when it is currently set to expire. This FY24 open-ended authorization is being requested for Medicaid services and does not distinguish between COVID-19 and non-COVID-19 activities.

New Subsection

(b) The unexpended and unobligated balance on June 30, 2023, of the appropriation made to the Department of Health, commissioner's office, in sec. 1, ch. 11, SLA 2022, for the purpose of homeless management information systems, estimated to be \$750,000, is reappropriated to the Department of Health, commissioner's office, for homeless management information systems for the fiscal years ending June 30, 2024, and June 30, 2025, from the following sources:

- (1) \$375,000 from statutory designated program receipts;**
- (2) \$375,000 from the general fund.**

Subsection (b) reappropriates the unexpended and unobligated balance of an appropriation made for FY23 for homeless information systems.

Legislative Fiscal Analyst Comment: The original appropriation was an increment in the numbers section within the Commissioner's Office allocation. The proposed reappropriation provides two more years to accomplish the project.

Legislative Fiscal Analyst Recommendation: It would be more straightforward to allow the FY23 numbers appropriation to lapse and add a temporary numbers section increment for FY24-25.

If the legislature does follow the Governor's approach, this subsection should be added to the supplemental effective dates section.

New Subsection

(c) The amount necessary, not to exceed \$210,400, to ensure the Division of Public Assistance

meets the maintenance of effort requirements of the Federal Temporary Assistance for Needy Families program is appropriated from the general fund to the Department of Health, division of public assistance, Alaska temporary assistance program under AS 47.27.005 for the fiscal years ending June 30, 2024 and June 30, 2025.

Subsection (c) provides an FY24-25 multi-year appropriation of general funds for the Maintenance of Effort provision for the Alaska Temporary Assistance for Needy Families program.

Legislative Fiscal Analyst Comment: In previous years, this funding was provided for a single year in the numbers section. However, the determination whether this funding was needed or not was not made until after the close of the fiscal year. The multi-year appropriation provides flexibility across fiscal years.

New Subsection

(d) The amount necessary, not to exceed \$2,807,400, to ensure the Division of Public Assistance meets the maintenance of effort requirements of the Federal Temporary Assistance for Needy Families program is appropriated from the general fund to the Department of Health, division of public assistance, tribal assistance programs under AS 47.27.200 and AS 47.27.300 for the fiscal years ending June 30, 2024 and June 30, 2025.

Subsection (d) provides an FY24-25 multi-year appropriation of general funds for the Maintenance of Effort provision for the Alaska Temporary Assistance for Needy Families Tribal Assistance programs.

Legislative Fiscal Analyst Comment: In previous years, this funding was provided for a single year in the numbers section. However, the determination whether this funding was needed or not was not made until after the close of the fiscal year. The multi-year appropriation provides flexibility across fiscal years.

(e) The unexpended and unobligated balance of federal receipts received from the American Rescue Plan Act of 2021 (P.L. 117-2) for Department of Health programs, estimated to be \$25,000,000, is appropriated to the Department of Health for those programs for the fiscal years ending June 30, 2024, and June 30, 2025.

Subsection (e) reappropriates the unexpended and unobligated balance of ARPA funds for any Department of Health programs for FY24 and FY25.

Legislative Fiscal Analyst Comment: In SLA 2021, the legislature appropriated federal funds estimated to total \$172.3 million to the former Department of Health and Social Services for various programs. In SLA 2022 when the department was split, these appropriations were

reappropriated to the new Department of Health and Department of Family and Community Services and extended through FY24.

The agency states that this request is for an appropriation that was inadvertently missed in that process. The grant is to the Division of Public Assistance for Child Care Benefits.

Legislative Fiscal Analyst Recommendation: The appropriation language should be made more specific to refer only to the grant in question rather than any Department of Health program.

Deleted Subsections

Numerous sections reappropriating multi-year appropriations from the Department of Health and Social Services to the Alaska Housing Capital Corporation (as a pass-through to be subsequently reappropriated to the new Department of Health) were deleted.

The **deleted sections** were related to the split of the Department of Health and Social Services into two departments and do not need to be repeated.

Sec. 17. DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. (a) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund (AS 23.30.082) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated for that purpose from the workers' compensation benefits guaranty fund (AS 23.30.082) to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2024.

Subsection (a) allows benefit payments to exceed the amount appropriated in **section 1**, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero; the \$787,800 appropriation in **section 1** is expected to be sufficient.

(b) If the amount necessary to pay benefit payments from the second injury fund (AS 23.30.040(a)) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to make those benefit payments is appropriated for that purpose from the second injury fund (AS 23.30.040(a)) to the Department of Labor and Workforce Development, second injury fund allocation, for the fiscal year ending June 30, 2024.

Subsection (b) allows benefit payments to exceed the amount appropriated in **section 1**, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero; the \$2,869,900 appropriation in **section 1** is expected to be sufficient.

(c) If the amount necessary to pay benefit payments from the fishermen's fund (AS 23.35.060) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to make those benefit payments is appropriated for that purpose from the fishermen's fund (AS 23.35.060) to the Department of Labor and Workforce Development, fishermen's fund allocation, for the fiscal year ending June 30, 2024.

Subsection (c) allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero; the \$1,431.4 appropriation in section 1 is expected to be sufficient.

(d) If the amount of contributions received by the Alaska Vocational Technical Center under AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 during the fiscal year ending June 30, 2024, exceeds the amount appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, in sec. 1 of this Act, the additional contributions are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, Alaska Vocational Technical Center allocation, for the purpose of operating the center for the fiscal year ending June 30, 2024.

Subsection (d) provides open-ended authority to spend program receipts, thereby eliminating all questions regarding Alaska Vocational Technical Center's (AVTEC) ability to accept and spend Technical Vocational Education Program (TVEP) receipts in a timely manner.

Funding: The estimated impact of this section is zero; the \$14,167,000 appropriation in section 1 is expected to be sufficient.

Deleted Subsection

The sum of \$10,000,000 is appropriated from the general fund to the Department of Labor and Workforce Development for the fiscal years ending June 30, 2023, and June 30, 2024, for the following purposes and in the following amounts:

<i>PURPOSE</i>	<i>AMOUNT</i>
<i>Employment and training services, workforce development, state training and employment program</i>	<i>\$4,600,000</i>
<i>Alaska technical and vocational education program, to be distributed according to AS 23.15.835(d)</i>	<i>2,600,000</i>
<i>Alaska Workforce Investment Board, construction academies</i>	<i>1,800,000</i>
<i>Division of employment and training services,</i>	<i>1,000,000</i>

individual training accounts program

The **deleted subsection** made an FY23-24 multi-year appropriation to the Department of Labor for various workforce development programs. The Governor vetoed the \$2.6 million additional distribution for the Alaska technical and vocational education program.

Deleted Section

DEPARTMENT OF LAW. (a) *The sum of \$2,000,000 is appropriated from the general fund to the Department of Law, civil division, for litigation relating to the defense of rights to develop and protect the state's natural resources, to access land, to manage its fish and wildlife resources, and to protect state sovereignty in the fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025.*

(b) *The sum of \$500,000 is appropriated from the general fund to the Department of Law, civil division, for litigation relating to the Tongass National Forest and protecting state sovereignty in the fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025.*

(c) *It is the intent of the legislature that funds from the appropriations made in (a) and (b) of this section may not be used for any action that may erode existing federal or state subsistence rights.*

Subsection (a) appropriated \$2 million to the Department of Law for statehood defense litigation as an FY23-25 multi-year operating item. **Subsection (b)** appropriated an additional \$500,000 for the same purpose and timeframe but confined to the Tongass National Forest. **Subsection (c)** added intent language for those two appropriations.

Legislative Fiscal Analyst Comment: A similar appropriation was made in SLA2021 as an FY21-25 multi-year appropriation for \$4 million.

The Governor's FY24 budget requests funding for this same purpose as a capital project in the Governor's Office.

Sec. 18. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. (a) **Five percent of the average ending market value in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2021, June 30, 2022, and June 30, 2023, estimated to be \$9,722, is appropriated from the Alaska veterans' memorial endowment fund (AS 37.14.700) to the Department of Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2024.**

Subsection (a) appropriates the payout from the endowment to the Department of Military and Veterans' Affairs. The payout may be used for maintenance, repair, and construction of monuments to the military.

(b) **The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2024, for the issuance of special request license plates commemorating Alaska veterans, less the cost of issuing the license plates, estimated to be \$7,800, is appropriated from the general fund to the Department of Military and Veterans' Affairs for maintenance, repair, replacement,**

enhancement, development, and construction of veterans' memorials for the fiscal year ending June 30, 2024.

Subsection (b) appropriates the proceeds of commemorative Alaska veterans license plates, minus the cost of the issuing them, to the Department of Military and Veterans' Affairs for maintenance, repair, replacement, enhancement, development, and construction of veterans' memorials. This language was added by the legislature in FY21 to utilize this license plate revenue for its intended purpose.

Sec. 19. DEPARTMENT OF NATURAL RESOURCES. (a) The interest earned during the fiscal year ending June 30, 2024, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be \$150,000, is appropriated from interest held in the general fund to the Department of Natural Resources for the purpose of the bond for the fiscal year ending June 30, 2024.

Subsection (a) appropriates the interest earned on the bond posted by Cook Inlet Energy to the Department of Natural Resources (DNR) for the purpose of the bond.

Legislative Fiscal Analyst Comment: This situation is atypical for reclamation bonding. In 2009, Pacific Energy Resources, Ltd. declared bankruptcy and abandoned the Redoubt Unit in Cook Inlet. Their bond was transferred to DNR for reclamation of the site. Cook Inlet Energy (CIE) then purchased the Redoubt Unit, which meant that DNR did not need to perform further site reclamation work and that the State was holding cash from the Pacific Energy Resources bond. That cash was applied to the reclamation bond requirements imposed on Cook Inlet Energy. As a cost saving measure, the proceeds from the Pacific Energy Resources bond were retained in the general fund. This section appropriates the earnings on the bond to DNR to cover potential reclamation activity in the future.

(b) The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2024, estimated to be \$30,000, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources for those purposes for the fiscal year ending June 30, 2024.

Subsection (b) appropriates money from the Mine Reclamation Trust Fund operating account to DNR for the purposes specified in AS 37.14.820 (mine reclamation activities).

Funding: The agency estimates the amount needed for mine reclamation expenditures is about \$30,000. The money is spent in the Claims, Permits and Leases allocation for reclamation of land use permits and leases on state lands.

Legislative Fiscal Analyst Comment: This section may not be required but does no harm; the appropriation contained in **section 26(j)** – an internal transfer of funds from the income account to the operating account – appears to satisfy the appropriation requirement of AS 37.14.800(b). Once that internal transfer occurs, expenditures require no further appropriation per AS 37.14.820.

(c) The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$50,000, is appropriated to the Department of Natural Resources for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond for the fiscal year ending June 30, 2024.

Subsection (c) appropriates receipts associated with bonds for land reclamation to the agencies that will direct the reclamation activities.

Funding: The Department of Natural Resources estimates the impact of this section to be \$50,000, \$25,000 for reclamation associated with land use permits and leases on state lands in the Mining, Land and Water allocation, and \$25,000 for reclamation bonds associated with timber sales on state lands in the Forest Management and Development allocation.

Legislative Fiscal Analyst Comment: Similar language in **section 14(e)** applies to the Alaska Oil and Gas Conservation Commission in the Department of Commerce, Community, and Economic Development.

(d) Federal receipts received for fire suppression during the fiscal year ending June 30, 2024, estimated to be \$20,500,000, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2024.

Subsection (d) appropriates an open-ended amount of federal receipts received for fire suppression to the Department of Natural Resources.

Sec. 20. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a) The proceeds received from the sale of Alaska marine highway system assets during the fiscal year ending June 30, 2024, are appropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).

Section 20 appropriates proceeds of any sale of Alaska Marine Highway system assets to the Alaska Marine Highway System (AMHS) Vessel Replacement Fund (VRF) which was created by ch. 145, SLA 1990 as a savings account to be used for AMHS vessel upgrades and replacement.

Legislative Fiscal Analyst Comment: Money in the fund cannot be spent without further appropriation. After the passage of HB 322 in SLA 2022 the VRF is now in a special account outside of the General Fund and is no longer subject to Article IX Section 17(d) of the Alaska Constitution, a process commonly referred to as the “CBR sweep.”

In March, 2021, the State sold the M/V Fairweather and M/V Chenega fast ferries to Spanish ferry operator, Trasmapi, for \$5.1 million. Because the sweep was not reversed, that money was transferred to the General Fund on June 30, 2021. In June 2022, AMHS sold the M/V Malaspina

and deposited the \$128.0 proceeds into the Fund. No further vessel sales are planned at this time.

(b) If the amount of federal receipts that are received by the Department of Transportation and Public Facilities for the calendar year beginning January 1, 2024, and ending December 31, 2024, fall short of the amount appropriated in sec. 4 of this Act, the amount of the shortfall, estimated to be \$0, is appropriated from the marine highway system fund (AS 19.65.060) to the Department of Transportation and Public Facilities, Alaska marine highway system, for operation of marine highway vessels for the calendar year beginning January 1, 2024, and ending December 31, 2024.

Subsection (b) provides “backstop” language to replace uncollected federal funds with Alaska Marine Highway System (AMHS) funds with no cap.

Funding: Based on current federal guidance, only about \$44.5 million of the \$83.2 million of federal appropriations may be realizable, leaving a gap of about \$38.7 million that would be made up from the AMHS fund based on this language.

Sec. 21. OFFICE OF THE GOVERNOR. The sum of \$2,870,300 is appropriated from the general fund to the Office of the Governor, division of elections, for costs associated with conducting the statewide primary and general elections for the fiscal years ending June 30, 2024, and June 30, 2025.

Legislative Fiscal Analyst Comment: Beginning in FY17, the cost of holding elections every two years was divided in half to reduce volatility in the final authorized budget of the Office of the Governor while allowing for sufficient funding to conduct elections. Note that **section 21** appropriates money for a two-year period, so money not spent in FY24 will be available in FY25.

Deleted Sections

If the 2023 fiscal year-to-date average price of Alaska North Slope crude oil exceeds \$70 a barrel on December 1, 2022, the amount of money corresponding to the 2023 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section, estimated to be \$27,000,000, is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs for the fiscal year ending June 30, 2023.

The following table shall be used in determining the amount of the appropriation made in (b) of this section:

(Deleted table provided \$27.0 million at a price of \$125 or more, stepping down by \$500,000 per dollar of oil to zero at \$71 per barrel.

It is the intent of the legislature that a payment under (b) of this section be used to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2023.

The governor shall allocate amounts appropriated in (b) of this section as follows:

- (1) to the Department of Transportation and Public Facilities, 65 percent of the total plus or minus 10 percent;*
- (2) to the University of Alaska, 15 percent of the total plus or minus three percent;*
- (3) to the Department of Family and Community Services and the Department of Corrections, not more than five percent each of the total amount appropriated;*
- (4) to any other state agency, not more than four percent of the total amount appropriated;*
- (5) the aggregate amount allocated may not exceed 100 percent of the appropriation.*

The **deleted section** appropriated an amount of up to \$27 million, with a sliding scale depending on the price of oil, to State agencies to offset energy costs. The Governor vetoed this appropriation.

The sum of \$6,305,800 is appropriated from the general fund to the Office of the Governor, executive operations, for the period beginning January 1, 2023, and ending June 30, 2023, and is allocated as follows:

<i>PURPOSE</i>	<i>AMOUNT</i>
<i>(1) Executive office</i>	<i>\$5,680,700</i>
<i>(2) Governor's house</i>	<i>375,100</i>
<i>(3) Contingency fund</i>	<i>250,000</i>

The **deleted section** provided half of the funding for the Executive Office and Governor's Office allocations and the full Contingency Fund effective only for the second half of the fiscal year. The other half of the funding was in the numbers section. The Governor's FY24 budget restores these items to the numbers section.

Deleted Section

UNIVERSITY OF ALASKA. The sum of \$29,800,000 is appropriated from the general fund to the University of Alaska for responding to the negative economic impacts of COVID-19 for the fiscal years ending June 30, 2023, and June 30, 2024, for the following purposes and in the following amounts:

<i>PURPOSE</i>	<i>AMOUNT</i>
<i>University of Alaska drone program</i>	<i>\$10,000,000</i>

<i>Critical minerals and rare earth elements research and development</i>	<i>7,800,000</i>
<i>Heavy oil recovery method research and development</i>	<i>5,000,000</i>
<i>Mariculture research and development</i>	<i>7,000,000</i>

The **deleted section** appropriated \$29.8 million UGF for various University of Alaska projects as an FY23-24 multi-year.

Legislative Fiscal Analyst Comment: These items should be in the capital budget if they are funded in the future. The Governor's capital budget includes an additional \$10 million for the drone program.

Sec. 22. BANKCARD SERVICE FEES. (a) The amount necessary to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2024, is appropriated for that purpose for the fiscal year ending June 30, 2024, to the agency authorized by law to generate the revenue, from the funds and accounts in which the payments received by the state are deposited. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

Subsection (a) allows the State to compensate 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 sales. It now applies to several programs in multiple departments.

Funding: These fees do not appear in the bill summary or in Legislative Finance Division reports on the grounds that the State has no effective control over the money.

(b) The amount necessary to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2024, is appropriated for that purpose for the fiscal year ending June 30, 2024, to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the state, from the funds and accounts in which the payments received by the state are deposited.

Subsection (b) allows credit card service providers to retain fees charged for using a credit card.

Funding: These fees do not appear in the bill summary or in Legislative Finance Division reports on the grounds that the State has no effective control over the money.

Sec. 23. DEBT AND OTHER OBLIGATIONS. (a) The amount required to be paid by the state for the principal of and interest on all issued and outstanding state-guaranteed bonds, estimated to

be \$0, is appropriated from the general fund to the Alaska Housing Finance Corporation for payment of the principal of and interest on those bonds for the fiscal year ending June 30, 2024.

Subsection (a) appropriates general funds to pay principal and interest on state-guaranteed bonds (veterans' mortgage bonds) if the revenue stream from the mortgage loans is insufficient to make those payments. The primary purpose of the state general obligation pledge is to gain tax-exempt status for the bonds, but it also enhances the credit pledge and marketability of the bonds. The veterans' mortgage bonds have achieved the best credit rating (triple A) on their own and there have been no draws upon the State's general obligation pledge for payment. 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.

Funding: The revenue stream from mortgage loans is expected to be sufficient to cover bond payments as it has been in all prior years, so the expected fiscal impact of this subsection is zero; however, a potential general fund obligation exists.

(b) The amount necessary 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 for the fiscal year ending June 30, 2024, estimated to be \$2,205,000, is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032(a)) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565).

(c) The amount necessary 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 for the fiscal year ending June 30, 2024, estimated to be \$2,725,000, is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036(a)) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565).

Subsections (b) and (c) appropriate the interest earnings of the clean water and drinking water funds to their respective bond redemption funds. Both funds are capitalized annually with federal receipts that require a state match. Federal rules do not permit investment earnings of the loan funds to be used to pay state match. However, money borrowed by the funds can be used as state match. Investment earnings in the fund are then used to pay back the borrowed funds.

These subsections avoid general fund match appropriations by taking advantage of the ability to use earnings on the funds to pay debt service. Alaska issues short-term bonds (secured by the assets of the loan fund) and uses the proceeds to meet the required federal match. The bonds are then paid off with "restricted" earnings. Effectively, earnings are used to match federal receipts.

(d) The sum of \$3,617,432 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2024, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	\$1,217,956
Anchorage Community and Technical	

College Center

Juneau Readiness Center/UAS Joint Facility

(2) Department of Transportation and Public Facilities

(A) Matanuska-Susitna Borough	711,000
deep water port and road upgrade	
(B) Aleutians East Borough/False Pass	194,180
small boat harbor	
(C) City of Valdez harbor renovations	208,625
(D) Aleutians East Borough/Akutan	226,662
small boat harbor	
(E) Fairbanks North Star Borough	337,718
Eielson AFB Schools, major maintenance and upgrades	
(F) City of Unalaska Little South America (LSA) Harbor	370,111

(3) Alaska Energy Authority

Copper Valley Electric Association	351,180
cogeneration projects	

Subsection (d) appropriates \$3.6 million to the University and the Alaska Energy Authority for reimbursement of debt service on projects authorized in Ch. 115, SLA 2002 (HB 528).

Legislative Fiscal Analyst Comment: The Governor previously vetoed funding for the projects listed in **subsections (2) and (3)** in FY20-22 but did not veto the funding in FY23.

(e) The amount necessary for payment of lease payments and trustee fees relating to certificates of participation issued for real property for the fiscal year ending June 30, 2024, estimated to be \$2,889,000, is appropriated from the general fund to the state bond committee for that purpose for the fiscal year ending June 30, 2024.

Subsection (e) appropriates \$2.9 million for trustee fees and to make payments on State of Alaska Certificates of Participation (COPs), a debt that is established based on a legislatively authorized subject to appropriation pledge of the State for a series of future lease payments for real property. This COP funded the Alaska Native Medical Center housing project [authorized in ch. 63, SLA 2013 (SB 88)] which is the only currently outstanding COP, and it is expected to be fully paid off in FY29.

(f) The sum of \$3,303,500 is appropriated from the general fund to the Department of Administration for the purpose of paying the obligation of the Linn Pacillo Parking Garage in Anchorage to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2024.

Subsection (f) appropriates \$3.3 million for a State lease-purchase, a debt that is established based on a legislatively authorized subject to appropriation pledge of the State for a series of future lease payments for real property. This lease-purchase was facilitated by the Alaska Housing Finance Corporation for the downtown Anchorage Parking Garage. The State will own the facility upon final payment of the lease, which is expected to occur in FY28.

(g) The following amounts are appropriated to the state bond committee from the specified sources, and for the stated purposes, for the fiscal year ending June 30, 2024:

A total of \$68.5 million general funds and \$4.85 million federal funds are appropriated for debt service on general obligation bonds. For FY23, \$68.8 million of State funding and \$4.85 million of federal receipts were budgeted.

(1) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010A, estimated to be \$2,194,004, from the amount received from the United States Treasury as a result of the American Recovery and Reinvestment Act of 2009, Build America Bond credit payments due on the series 2010A general obligation bonds;

(2) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010A, after the payment made in (1) of this subsection, estimated to be \$4,560,935, from the general fund for that purpose;

(3) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010B, estimated to be \$2,227,757, from the amount received from the United States Treasury as a result of the American Recovery and Reinvestment Act of 2009, Qualified School Construction Bond interest subsidy payments due on the series 2010B general obligation bonds;

(4) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010B, after the payment made in (3) of this subsection, estimated to be \$176,143, from the general fund for that purpose;

The 2010 general election authorized issuance of \$397 million in GO bonds to finance educational facilities. The Department of Revenue issued \$200 million of bonds in three series in 2010, taking advantage of federal stimulus programs. Series A were issued using Build America Bonds (receiving an original 35% federal subsidy on interest expense); Series B were issued as Qualified School Construction Bonds (receiving a federal subsidy on interest expense of nearly 100%); and Series C were issued as standard tax exempt bonds (paid off in 2015).

Legislative Fiscal Analyst Comment: All authorized bonds are not sold at the same time because IRS rules (for tax exempt status) require complete expenditure of bond proceeds within three years of bond issuance. Furthermore, in recent years there has been a cost in over-issuing

bonds as bond proceeds have earned rates that are lower than the interest rate on the bonds themselves. Bonds are issued in specific series as cash is needed for projects. Sequestration was implemented subsequent to the bonds issuance and reduced the federal reimbursement rates on the Series A and Series B bonds, reducing the effective subsidy to near 32.5% and 93%, respectively.

(5) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2012A, estimated to be \$7,549,975, from the general fund for that purpose;

Series 2012A bonds refinanced the 2003A bonds for cost savings. 2003A general obligation bonds were authorized by voters in 2002 for construction of schools and university facilities (\$236.8 million) and for transportation projects (\$124 million).

(6) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2013A, estimated to be \$427,658, from the amount received from the United States Treasury as a result of the American Recovery and Reinvestment Act of 2009, Qualified School Construction Bond interest subsidy payments due on the series 2013A general obligation bonds;

(7) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2013A, after the payments made in (6) of this subsection, estimated to be \$33,181, from the general fund for that purpose;

(8) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2013B estimated to be \$16,169,150, from the general fund for that purpose;

The remaining 2010 authorization (for educational facilities) of \$197 million was used when 2013A and 2013B bonds were sold.

Legislative Fiscal Analyst Comment: The Department of Revenue issued two series of bonds to fund the balance of the 2010 Act and take advantage of the State's remaining Qualified School Construction Bond allocation. Series A were issued as Qualified School Construction Bonds (receiving an initial federal subsidy on interest expense of 100%); and Series B were issued as standard tax exempt bonds. All authorized bonds have been sold at this time. Sequestration subsequently reduced the federal reimbursement rates on the Series A by 7.2 points, reducing the effective subsidy to about 93%.

(9) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2015B, estimated to be \$12,021,750, from the general fund for that purpose;

(10) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2016A, estimated to be \$10,497,500, from the general fund for that purpose;

(11) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2016B, estimated to be \$10,360,125, from the general fund for that purpose;

The 2012 general election authorized issuance of \$453.5 million in GO bonds to finance transportation projects. Subsections 12 through 15 appropriate an estimated \$21.5 million from the general fund for the payment of debt service on series 2016A and 2016B Bond Series issued for those projects.

Legislative Fiscal Analyst Comment: Initial bonding for this authorization utilized short-term Bond Anticipation Notes (BANs) from 2013 through mid-2016 to capture the very low short-term interest rate environment. The BAN program was further used due to the uncertainty and often delayed project expenditure expectations on transportation projects, thereby avoiding the cost of having higher interest, long-dated borrowed funds idle in the project fund, and complying with IRS project expenditure requirements.

The 2016A general obligation bonds refinanced most of the 2015 general obligation bond anticipation note (BAN). The par amount of the 2016A bonds was \$134.8 million which along with bond issue premium generated \$159.5 million. The combination of the 2013, 2014, and 2015 BAN issues along with the 2016A issue has generated cumulative project funding of \$187.9 million. The 2016B general obligation bonds were issued in the par amount of \$128.3 million, which along with bond issue premium generated \$155.3 million. The final \$110.35 million of authorization was provided by the issuance of the 2020A general obligation bonds in the par amount of \$84.6 million which along with original issue premium of \$26.2 million provided for the project fund deposit and retained compensation for the underwriter's discount.

(12) the sum of \$17,830 from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2020A general obligation bonds, for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2020A;

(13) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2020A, estimated to be \$7,085,920, from the general fund for that purpose;

Legislative Fiscal Analyst Comment: The remaining balance of \$110.35 million of funding for the 2012 Transportation General Obligation Bond Act was funded on August 5, 2020 through the issuance of the 2020A bond issuance.

(14) the amount necessary for payment of trustee fees on outstanding State of Alaska general obligation bonds, series 2010A, 2010B, 2012A, 2013A, 2013B, 2015B, 2016A, 2016B, and 2020A, estimated to be \$3,450, from the general fund for that purpose;

Subsection 14 appropriates an estimated \$3,450 for trustee fees on all outstanding GO Bonds.

Legislative Fiscal Analyst Comment: These fees have previously been included in the debt service appropriation for each series of bonds. Trustee fees have been separated from other costs of issuing debt because they are annual costs that last for the life of the bonds. Most other costs

of issuing debt are one-time costs paid at closing. That may change if rating agencies are successful in their effort to make their fees annual rather than one time.

(15) the amount necessary for the purpose of authorizing payment to the United States Treasury for arbitrage rebate and payment of tax penalties on outstanding State of Alaska general obligation bonds, estimated to be \$50,000, from the general fund for that purpose;

Subsection 15 appropriates money that must be remitted to the federal government when earnings on the proceeds of tax-exempt bonds exceed interest costs. This appropriation applies primarily to the extraordinarily low interest rate 2013C, 2014, and 2015 Bond Anticipation Notes. The provision is also likely to apply to the 2014A Qualified School Construction Bonds. The payment of these funds is offset by prior year investment earnings.

(16) if the proceeds of state general obligation bonds issued are temporarily insufficient to cover costs incurred on projects approved for funding with these proceeds, the amount necessary to prevent this cash deficiency, from the general fund, contingent on repayment to the general fund as soon as additional state general obligation bond proceeds have been received by the state; and

Subsection 16 is intended to prevent construction delays by permitting short-term borrowing from the general fund.

(17) if the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds exceeds the amounts appropriated in this subsection, the additional amount necessary to pay the obligations, from the general fund for that purpose.

Subsection 17 is a safety measure to ensure that the State can meet its general obligation pledge if unforeseen circumstances or miscalculations leave the appropriations in this section short of debt service requirements.

(h) The following amounts are appropriated to the state bond committee from the specified sources, and for the stated purposes, for the fiscal year ending June 30, 2024:

(1) the amount necessary for debt service on outstanding international airports revenue bonds, estimated to be \$5,200,000, from the collection of passenger facility charges approved by the Federal Aviation Administration at the Alaska international airports system;

(2) the amount necessary for payment of debt service and trustee fees on outstanding international airports revenue bonds, after the payment made in (1) of this subsection, estimated to be \$16,058,675, from the International Airports Revenue Fund (AS 37.15.430(a)) for that purpose.

Subsection (h) appropriates funding for payment of debt service and fees on outstanding international airport revenue bonds.

Legislative Fiscal Analyst Comment: The Alaska International Airport System (AIAS) and the State Bond Committee are restructuring AIAS revenue bond debt to lower debt service from approximately \$49.5 million to approximately \$21.3 million in FY24. This reduction poises AIAS to be more competitive with other cargo airports and to reduce passenger cost. Phase one

of the restructuring began in 2016 with the implementation of refinancing savings and the extension of amortization to match assets' useful life more closely. This is combined with a multi-year increase in the use of cash on hand to optionally redeem callable bonds.

The final components of this plan include an FY23 appropriation of \$10.0 million in AIAS receipts for optional bond redemption, as well as refinancing implemented in FY22 using the receipt of \$105.2 million from closing the 2021A, 2021B, and 2021C bond series on August 26, 2021. This is combined with \$40 million of AIAS receipts provided for the defeasance of the 1999A and 2006A series, and the refunding of the 2009A, 2010A, 2010C, and 2010D bond series.

(i) If federal receipts are temporarily insufficient to cover international airports system project expenditures approved for funding with those receipts, the amount necessary to prevent that cash deficiency, estimated to be \$0, is appropriated from the general fund to the International Airports Revenue Fund (AS 37.15.430(a)) for the fiscal year ending June 30, 2024, contingent on repayment to the general fund, plus interest, as soon as additional federal receipts have been received by the state for that purpose.

(j) The amount of federal receipts deposited in the International Airports Revenue Fund (AS 37.15.430(a)) necessary to reimburse the general fund for international airports system project expenditures, estimated to be \$0, is appropriated from the International Airports Revenue Fund (AS 37.15.430(a)) to the general fund.

Subsections (i) and (j) were added to the budget beginning in FY17. The language addresses any potential cash-flow issues related to federal international airport projects and allows for temporary general fund borrowing and repayment. **Subsection (i)** appropriates general funds contingent upon repayment (plus interest). **Subsection (j)** appropriates the amount of federal receipts to repay the general fund.

(k) The amount necessary for payment of obligations and fees for the Goose Creek Correctional Center, estimated to be \$16,168,413, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2024.

Subsection (k) appropriates \$16.2 million for a state lease-purchase, a debt that is established based on a legislatively authorized subject to appropriation pledge of the state for a series of future lease payments for real property. This lease-purchase was facilitated by the Matanuska-Susitna Borough for the Goose Creek Correctional Facility. The State will own the correctional facility upon final payment of the lease.

Legislative Fiscal Analyst Comment: In common language, the contract with the Mat-Su Borough is a lease, but terms of the contracts are such that the Governmental Accounting Standards Board's (GASB) rule #34 classifies them as capital leases. Further, the State's future lease payments were securitized in a Matanuska Lease Revenue Bond issuance that was authorized by law. This means that a default on lease payments would result in a downgrade of the state's credit rating. Because of the impact on credit rating, the obligation is categorized as "subject to appropriation" debt.

(I) The sum of \$67,168,161 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 for the fiscal year ending June 30, 2024, from the following sources:

(1) \$13,548,828 from the School Fund (AS 43.50.140);

(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$53,619,331, from the general fund.

Subsection (I) appropriates funding for municipal school debt reimbursement. AS 14.11.100 authorizes the State to reimburse municipalities for selected bonds issued for school construction (from 60-90% of principal and interest depending on the statutory authorization).

Funding: Per the DOR Fall 2022 Revenue Sources Book, FY24 cigarette tax collections (School Fund) are projected to be \$13.5 million, down from \$14.2 million (projected) in FY23. As cigarette tax revenues decrease, the general fund portion of school debt reimbursement increases.

Legislative Fiscal Analyst Comment: Full reimbursement of municipal debt requires \$53.6 million from the general fund in addition to the amount available in the School Fund. The Governor has proposed a budget of 100% of the amount to fully fund the program.

Reimbursement amounts under this section continue to fall due to the moratorium on new debt, which has been in place since 2015 and is scheduled to sunset on July 1, 2025 (the start of FY26).

Deleted Subsection

The amount necessary for payment of principal and interest, redemption premiums, and trustee fees, if any, associated with the early redemption of international airports revenue bonds authorized under AS 37.15.410 - 37.15.550, estimated to be \$10,000,000, from the International Airports Revenue Fund (AS 37.15.430(a)).

The **deleted section** provided funding for an optional early redemption of revenue bonds.

Sec. 24. FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts under AS 37.05.146(b)(3), information services fund program receipts under AS 44.21.045(b), Exxon Valdez oil spill trust receipts under AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund under AS 19.65.060(a), receipts of the University of Alaska under AS 37.05.146(b)(2), receipts of the highways equipment working capital fund under AS 44.68.210, and receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(20) that are received during the fiscal year ending June 30, 2024, and that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h). Receipts

received under this subsection during the fiscal year ending June 30, 2024, do not include the balance of a state fund on June 30, 2023.

Section 24 (a) provides appropriation of any of the listed receipts that are collected in FY24 beyond the amounts appropriated in the act. Although the appropriations are conditioned on review by the Legislative Budget and Audit Committee, the Governor can increase authorization for listed fund sources without the approval of the Committee, subject to the statutory requirements. Similar language in the capital budget applies only to appropriations in the capital bill.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. The Legislative Finance Division reports place no dollar value on appropriations made in this section.

(b) If federal or other program receipts under AS 37.05.146 and AS 44.21.045(b) that are received during the fiscal year ending June 30, 2024, exceed the amounts appropriated by this Act, the appropriations from state funds for the affected program shall be reduced by the excess if the reductions are consistent with applicable federal statutes.

Subsection (b) reduces State authorization when unanticipated money is received for projects funded with state funds and when federal statutes allow a reduction of State funds. There is no formal process for tracking potential reductions.

(c) If federal or other program receipts under AS 37.05.146 and AS 44.21.045(b) that are received during the fiscal year ending June 30, 2024, fall short of the amounts appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection (c) automatically limits authorization of federal and other receipts to the amount actually received.

(d) The amount of designated program receipts under AS 37.05.146(b)(3) appropriated in this Act includes the unexpended and unobligated balance on June 30, 2023, of designated program receipts collected under AS 37.05.146(b)(3) for that purpose.

Subsection (d) allows all Statutory Designated Program Receipts (SDPR) collected and not expended in FY22 to be carried forward into FY24.

Legislative Fiscal Analyst Comment: This section may not be needed since SDPR is limited by the terms of the contractual agreement and cannot lapse to the general fund, but it does no harm.

Deleted Subsection

(e) Notwithstanding (a) of this section, an appropriation item for the fiscal year ending June 30, 2023, may not be increased under AS 37.07.080(h)

(1) based on

(A) receipt of additional designated program receipts or additional federal receipts received by the Alaska Gasline Development Corporation;

(B) receipt of additional federal or other program receipts related to broadband;

(C) receipt of additional federal receipts from sec. 9901, P.L. 117-2 (Subtitle M—Coronavirus State and Local Fiscal Recovery Funds, American Rescue Plan Act of 2021); or

(D) funds appropriated by the 117th Congress or the 118th Congress

(i) related to climate or energy;

(ii) related to novel coronavirus disease (COVID-19) or economic recovery; or

(iii) for natural gas pipeline expenditures; or

(2) by more than \$10,000,000.

(f) Subsection (e) of this section does not apply to

(1) an appropriation item that was increased based on compliance with AS 37.07.080(h) before the effective date of (e) of this section; or

(2) an appropriation item that is passed through the state to a community in the state.

These deleted subsections limit what funding can be increased through the RPL process. Due to the magnitude and unusual flexibility of federal COVID and infrastructure funding, the following elements were excluded from the typical RPL language in order to provide full legislative oversight and involvement over these areas:

1. Designated program receipts received by the Alaska Gasline Development Corporation;
2. Federal funds for broadband (a reference to the funds discussed under **subsection 14(i)**);
3. Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding through the American Rescue Plan Act of 2021 (a flexible fund source); and
4. Future federal legislation related to climate, energy, COVID-19, economic recovery, or natural gas pipelines.

Further, the deleted section included a \$10 million limit on how much any appropriation item can be increased.

Legislative Fiscal Analyst Comment: This language was intended to avoid large-scale RPLs that were outside the typical limited scope of this process. After the 2020 session, the RPL process was used for hundreds of millions of dollars of flexible federal COVID-19 relief funds. These RPLs were legally challenged, and the legislature passed a ratification bill to ensure that the funds could be expended and avoid a legal battle.

The FY23 \$10 million cap resulted in two RPLS totaling \$20.0 million to DCCED being voted down by the LB&A committee, which instead only approved \$10.0 million of funding.

Sec. 25. FUND CAPITALIZATION. (a) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2024, estimated to be \$14,000, are appropriated to the Alaska children's trust grant account (AS 37.14.205(a)):

- (1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of heirloom birth certificates;**
- (2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;**
- (3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.**

Subsection (a) appropriates (to the Alaska Children's Trust grant account) net receipts collected during FY24 from sales of heirloom birth certificates, heirloom marriage certificates, and Trust license plates.

Legislative Fiscal Analyst Comment: Before FY12, these receipts were deposited to principal; the Children's Trust board may now spend from the grant account without further appropriation.

The Alaska Children's Trust was created by Ch. 19, SLA 1988. The legislature appropriated \$6 million from the investment loss trust fund to the principal of the trust in Ch. 123, SLA 1996. 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. During recent fiscal years, the principal of the endowment was granted to the Friends of the Children's Trust.

(b) The amount received from fees assessed under AS 05.25.096(a)(5) and (6), civil penalties collected under AS 30.30.015, the sale of vessels under AS 30.30, and donations and other receipts deposited under AS 30.30.096 as program receipts during the fiscal year ending June 30, 2024, less the amount of those program receipts appropriated to the Department of Administration, division of motor vehicles, for the fiscal year ending June 30, 2024, estimated to be \$58,600, is appropriated to the derelict vessel prevention program fund (AS 30.30.096).

Subsection (b) appropriates receipts collected and donations received to the Derelict Vessel Prevention Program Fund.

Legislative Fiscal Analyst Comment: To address an increasing number of derelict and abandoned vessels throughout Alaska's coasts and rivers, the legislature passed ch.111, SLA 2018 (SB 92). This legislation established the Derelict Vessel Prevention Program Fund. These non-lapsing funds may be used by the Department of Natural Resources to address derelict vessels and may be expended without further appropriation.

(c) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2024, estimated to be \$20,500,000, is appropriated to the disaster relief fund (AS 26.23.300(a)).

Subsection (c) appropriates federal receipts for disaster relief to the Disaster Relief Fund (DRF). The Governor needs no specific appropriations to spend money deposited in the Disaster Relief Fund; money can be spent upon declaration of a disaster.

Funding: An annual \$9 million estimate for federal receipts for disaster relief has been used for many years.

Legislative Fiscal Analyst Comment: While this increase is entirely federal funding, and an estimate, the Governor's request would put the estimated fund balance at \$61.9 million. The Department typically prefers to maintain an available balance of at least \$5 million in the fund. The Department has not provided any justification for the increased federal estimate, and has indicated that the typical \$9 million estimate is acceptable for FY24.

(d) Twenty-five percent of the donations received under AS 43.23.230(b), estimated to be \$225,000, is appropriated to the dividend raffle fund (AS 43.23.230(a)).

Subsection (d) appropriates a quarter of all donations made to the dividend raffle into the Dividend Raffle Fund.

Legislative Fiscal Analyst Comment: Under AS 43.23.230(d) a total of 15 percent of the Dividend Raffle Fund balance will be paid out amongst four prize recipients and the remaining balance will roll into the next year.

(e) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2023, estimated to be \$0, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection (e) appropriates earnings of the Municipal Bond Bank to its Alaska Municipal Bond Bank Authority Reserve Fund.

(f) If the Alaska Municipal Bond Bank Authority must draw on the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)) because of a default by a borrower, an amount equal to the amount drawn from the reserve is appropriated from the general fund to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection (f) provides a moral obligation pledge of general funds if a default causes a draw on reserves of the bank. The intent of this section is to increase the credit rating of the bank and reduce the cost of borrowing money.

(g) The amount necessary to fund the total amount for the fiscal year ending June 30, 2024, of state aid calculated under the public school funding formula under AS 14.17.410(b), after the appropriation made in sec. 78(u), ch. 11, SLA 2022, estimated to be \$1,124,632,300, is appropriated to the public education fund (AS 14.17.300) from the following sources:

(1) \$32,240,700 from the public school trust fund (AS 37.14.110(a));

(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$1,092,391,600, from the general fund.

(h) The amount necessary to fund transportation of students under AS 14.09.010 for the fiscal year ending June 30, 2024, estimated to be \$72,568,348, is appropriated from the general fund to the public education fund (AS 14.17.300).

Subsections (g) and (h) capitalize the Public Education Fund with the amount necessary for the K-12 Foundation and Pupil Transportation formula in FY24.

Funding: The estimated amounts in the Governor's budget adjust for an estimated \$48.4 million balance remaining in the Public Education Fund from the forward-funding provision included in the FY23 budget. Because that provision was based on the surplus available in FY23, the estimate depends on FY23 revenue and supplemental appropriations, and can also be affected by lapsing appropriations.

Legislative Fiscal Analyst Comment: The FY24 amounts in the Governor's budget are based on draft student counts and are estimates which will change when the student counts are finalized. The public school funding program is fully funded in FY24, including a \$30 increase to the BSA from legislation passed in 2022.

(i) The sum of \$27,897,000 is appropriated from the general fund to the regional educational attendance area and small municipal school district school fund (AS 14.11.030(a)).

Subsection (i) appropriates \$27.9 million to the Regional Educational Attendance Area and Small Municipal School District (REAA) School Fund, which was created to assist in funding school construction projects in regional education attendance areas. Per the consent decree and settlement agreement of Kasayulie vs. State of Alaska, the creation of the fund and adoption of the funding mechanism set forth in AS 14.11.025 provides a remedy for perceived constitutional violations.

Legislative Fiscal Analyst Comment: The calculation in AS 14.11.025 links the amount for REAA fund capitalization to the school bond debt reimbursement amount from two years prior. Historically, when the school debt amount is lowered, the REAA amount is also lowered in the same fiscal year. When portions of bond debt were vetoed in FY17, FY20, and FY21, the REAA amount was lowered by the same percentage in the same year, rather than waiting two years to reduce the REAA percentage. In FY22, the vetoed amount was unrelated to the amount funded for school debt reimbursement.

Both the REAA and school debt reimbursement vetoed amounts were repaid through an FY22 supplemental appropriation.

(j) The amount necessary to pay medical insurance premiums for eligible surviving dependents under AS 39.60.040 and the costs of the Department of Public Safety associated with administering the peace officer and firefighter survivors' fund (AS 39.60.010) for the fiscal year ending June 30, 2024, estimated to be \$30,000, is appropriated from the general fund to the peace officer and firefighter survivors' fund (AS 39.60.010) for that purpose.

Subsection (j) deposits general funds into the Peace Officer and Firefighter Survivors' Fund for FY24.

Legislative Fiscal Analyst Comment: Ch. 14, SLA 2017 (HB 23) established this fund to provide payments for certain medical insurance premiums for surviving dependents of certain peace officers and firefighters who die in the line of duty.

(k) The amount of federal receipts awarded or received for capitalization of the Alaska clean water fund (AS 46.03.032(a)) during the fiscal year ending June 30, 2024, less the amount expended for administering the loan fund and other eligible activities, estimated to be \$10,340,000, is appropriated from federal receipts to the Alaska clean water fund (AS 46.03.032(a)).

(l) The amount necessary to match federal receipts awarded or received for capitalization of the Alaska clean water fund (AS 46.03.032(a)) during the fiscal year ending June 30, 2024, estimated to be \$2,200,000, is appropriated from Alaska clean water fund revenue bond receipts to the Alaska clean water fund (AS 46.03.032(a)).

(m) The amount of federal receipts awarded or received for capitalization of the Alaska drinking water fund (AS 46.03.036(a)) during the fiscal year ending June 30, 2024, less the amount expended for administering the loan fund and other eligible activities, estimated to be \$13,600,000, is appropriated from federal receipts to the Alaska drinking water fund (AS 46.03.036(a)).

(n) The amount necessary to match federal receipts awarded or received for capitalization of the Alaska drinking water fund (AS 46.03.036(a)) during the fiscal year ending June 30, 2024, estimated to be \$2,720,000, is appropriated from Alaska drinking water fund revenue bond receipts to the Alaska drinking water fund (AS 46.03.036(a)).

Subsections (k), (l), (m), and (n) provide money to develop sewer and water systems in Alaskan communities through revolving loan programs. The State typically issues short-term bonds that are repaid with earnings from the loan programs and uses the bond proceeds to match federal money. See **sections 26(f) and (g)** for further discussion.

(o) The amount received under AS 18.67.162 as program receipts, estimated to be \$70,000, including donations and recoveries of or reimbursement for awards made from the crime victim compensation fund (AS 18.67.162), during the fiscal year ending June 30, 2024, is appropriated to the crime victim compensation fund (AS 18.67.162).

Subsection (o) capitalizes the Crime Victim Compensation Fund with money from donations and recoveries of, or reimbursements for, awards made from the fund. The Violent Crimes Compensation Board may order that compensation (from the fund) be paid to victims of crime (and their dependents) without further appropriation.

Legislative Fiscal Analyst Comment: Ch. 112, SLA 2008 (HB 414) added language to the effect that money appropriated to the fund “may include donations, recoveries of or reimbursements for awards made by the fund, income from the fund, and other program receipts.” The language of **subsection (o)** does not appropriate income from the fund, so income will remain in the general fund.

(p) The sum of \$3,264,200 is appropriated from that portion of the dividend fund (AS 43.23.045(a)) that would have been paid to individuals who are not eligible to receive a permanent fund dividend because of a conviction or incarceration under AS 43.23.005(d) to the crime victim compensation fund (AS 18.67.162) for the purposes of the crime victim compensation fund (AS 18.67.162).

Subsection (p) capitalizes the Crime Victim Compensation Fund (CVCF) with a portion of the Restorative Justice Account (formerly known as “PFD Criminal Funds”). The Violent Crime Compensation Board may order that compensation (from the fund) be paid to victims of crime (and their dependents) without further appropriation.

Legislative Fiscal Analyst Comment: The Crime Victims Compensation Fund is capitalized with Restorative Justice Account funding. The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.

The calculation outlined under AS 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those 'forfeited funds' are available in the subsequent budget cycle for appropriation to eligible agencies.

AS 43.23.048(b) outlines the following purposes and percentages, in priority order:

10%-13%: (Fund Cap) Crime Victims Compensation Fund - FY24 is 13%

2%-6%: (Leg) Office of Victims' Rights - FY24 is 4%

1%-3%: (DPS) Nonprofits for Services for Crime Victims and Domestic Violence and Sexual Assault Programs - FY24 is 2%

1%-3%: (DOH) Nonprofits for Mental Health Services and Substance Abuse Treatment for Offenders - FY24 is 2%

79%-88%: (DOC) Costs related to incarceration or probation - FY24 is 79%

(q) An amount equal to the interest earned on amounts in the election fund required by the federal Help America Vote Act, estimated to be \$70,000, is appropriated to the election fund for use in accordance with 52 U.S.C. 21004(b)(2).

Subsection (q) allows the Election Fund to retain interest earned. The purpose of the fund is to make election administration improvements (primarily equipment and accessibility aids).

(r) The vaccine assessment program receipts collected under AS 18.09.220 during the fiscal year ending June 30, 2024, estimated to be \$15,000,000, are appropriated to the vaccine assessment fund (AS 18.09.230).

Subsection (r) appropriates Vaccine Assessment Program Receipts, estimated to be \$15 million, to the Vaccine Assessment Account.

Legislative Fiscal Analyst Comment: With the passage of ch. 17, SLA 2019 (SB 37) the Vaccine Assessment Account is now capitalized with program receipts and money may be spent without further appropriation.

(s) The sum of \$100,000 is appropriated from general fund program receipts collected by the Department of Administration, division of motor vehicles, to the abandoned motor vehicle fund (AS 28.11.110) for the purpose of removing abandoned vehicles from highways, vehicular ways or areas, and public property.

Subsection (s) deposits \$100.0 into the Abandoned Motor Vehicle Fund. Per AS 28.11.110, the fund may be spent by the Department of Administration without further appropriation to repay State agencies or municipalities who present vouchers for payment for services to remove an abandoned vehicle.

Legislative Fiscal Analyst Comment: The legislature added an identical appropriation in FY21 which was vetoed by the Governor. This funding has been in the budget since FY22.

AS 28.11.110 directs the legislature to deposit “the proceeds from the sale of an abandoned motor vehicle under this chapter, after deducting the cost of impounding, advertising, and selling the vehicle.”

The FY23 budget and the FY24 Governor’s request included this appropriation as well as an appropriation for the same amount of funds to the Department of Transportation for purpose of removing abandoned vehicles. Funding the agency directly rather than routing the payments through a fund and through the Department of Administration may be more efficient administratively.

(t) The amount necessary to purchase outstanding tax credit certificates as specified in AS 43.55.028(a), estimated to be \$42,700,000, is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028).

Subsection (t) appropriates the amount necessary to purchase the remaining tax credits from the general fund to the oil and gas tax credit fund.

Funding: The amount is estimated to be \$42.7 million based on the Department of Revenue’s Fall 2022 Revenue Forecast. The appropriation to the fund in FY23 referenced the statutory formula, which depends on actual revenue collections. The value of this appropriation will depend on FY23 revenue collections and the resulting deposits to the fund.

Legislative Fiscal Analyst Comment: In the 2022 session, the legislature appropriated an FY22 supplemental of \$60.0 million and an appropriation estimated to be \$330.0 million for the statutory calculation for the deposit. Based on the Spring 2022 Revenue Forecast, those appropriations were projected to be sufficient to fully purchase the remaining credits. However, in the Fall 2022 Forecast that FY23 appropriation is now estimated to be \$281.0 million (a \$49.0 million reduction).

The \$42.7 million estimate for FY24 is expected to be far lower than the statutory calculation for the deposit, but the additional funds are not needed due to the sunset of the tax credit programs.

New Subsection

(u) The amount of statutory designated program receipts received by the Alaska Gasline Development Corporation for the fiscal year ending June 30, 2023, not to exceed \$10,000,000, is appropriated to the Alaska liquefied natural gas project fund (AS 31.25.110)

Subsection (u) appropriates Statutory Designated Program Receipts from third-party investments to the Alaska Liquefied Natural Gas Project Fund.

Legislative Fiscal Analyst Comment: Similar language was included in FY21 in the amount of \$20 million. The Governor requested \$50 million in FY22 and \$10 million in FY23, but the legislature did not appropriate it in either budget.

Money appropriated to the fund does not lapse and may be spent with no further appropriation.

New Subsection

(v) The amount of federal receipts received by the Alaska Gasline Development Corporation for the fiscal year ending June 30, 2023, is appropriated to the Alaska liquefied natural gas project fund (AS 31.25.110).

Legislative Fiscal Analyst Comment: AGDC is requesting open-ended federal authority to construct a natural gas pipeline from the North Slope – Prudhoe Bay and Pt. Thompson – to Southcentral Alaska. The Governor’s FY23 proposed budget included similar language, which was removed by the legislature.

A federal budget bill signed by President Biden in December 2022 included an earmark of \$4 million for AGDC “to assist in conducting the necessary analysis for a Front-End Engineering and Design (FEED) study for a liquid natural gas pipeline in Alaska,” according to a press release from Senator Murkowski. In light of this earmark, the legislature should consider providing at least \$4 million of federal authority even if open-ended authority is not desired.

Deleted Subsections

The sum of \$30,000,000 is appropriated from the power cost equalization endowment fund (AS 42.45.070(a)) to the community assistance fund (AS 29.60.850).

The **deleted section** capitalized the Community Assistance Fund with Power Cost Equalization Endowment (PCE) funds in FY23. When added to the balance in the fund, this appropriation resulted in the fund reaching its \$90 million statutory cap for a distribution of \$30 million in FY24.

Legislative Fiscal Analyst Comment: AS 42.45.085(d) provides statutory guidelines for uses of excess earnings of the PCE Fund. The amount of excess earnings is determined by subtracting anticipated PCE program costs from earnings in the most recently closed fiscal year. Of the excess earnings, 70 percent are available for appropriation, with the first \$30 million designated for the Community Assistance Fund.

FY22 PCE earnings were negative, making no funds available for the Community Assistance fund in FY24 from this fund source.

AS 29.60.850(b) states that the legislature may appropriate \$30 million to the fund annually. Without an appropriation, the Community Assistance Fund's balance will be \$60 million at the end of FY24, allowing for a distribution of \$20 million in FY25 based on statutory language that distributes 1/3 of the fund balance each year.

The sum of \$1,215,074,800 is appropriated from the general fund to the public education fund (AS 14.17.300). If the unrestricted state revenue available for appropriation in fiscal year 2023 is insufficient to cover the appropriation from the general fund made in this subsection, the appropriation made in this subsection is reduced by the amount of the shortfall.

The **deleted section** appropriated additional funds to the Public Education Fund, beyond the amount projected to be used in FY23, to be available for future years. The language appropriated an amount equal to the projected FY23 UGF cost of the Foundation and Pupil Transportation formulas, reduced dollar-for-dollar if revenue was insufficient to pay for this appropriation.

Legislative Fiscal Analyst Comment: This section essentially forward-funded the K-12 formula costs only if a surplus existed before this appropriation. Based on DOR's Fall Revenue Forecast and current FY23 appropriations before supplementals, an estimated \$114.1 million will be deposited to the fund through this provision.

Sec. 26. FUND TRANSFERS. (a) The federal funds received by the state under 42 U.S.C. 6506a(I) or former 42 U.S.C. 6508 not appropriated for grants under AS 37.05.530(d) are appropriated as follows:

(1) to the principal of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska) and the public school trust fund (AS 37.14.110(a)), according to AS 37.05.530(g)(1) and (2); and

(2) to the principal of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska), the public school trust fund (AS 37.14.110(a)), and the power cost equalization endowment fund (AS 42.45.070(a)), according to AS 37.05.530(g)(3).

Subsection (a) appropriates the lapsing balance of NPR-A grants [per AS 37.05.530(g)]. No lapsing balance is anticipated.

Funding: The estimated fiscal impact of this section is zero.

Legislative Fiscal Analyst Recommendation: The intent of AS 37.05.530(g)(3) appropriates remaining balances to the Power Cost Equalization and Rural Electric Capitalization Fund, which is no longer active. AS 37.05.530(g)(3) should also be revised. However, this subsection appropriates remaining balances to the Power Cost Equalization Endowment Fund (AS 42.45.070(a)), which is more appropriate. As noted, no lapsing balance is anticipated.

(b) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2024, are appropriated to the origination fee account (AS 14.43.120(u)) within the education loan fund (AS 14.42.210(a)) of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u).

Subsection (b) appropriates origination fees charged on student loans to the origination fee account within the Education Loan Fund. The fees are intended to offset loan losses due to death, disability, bankruptcy, and default.

Funding: The amount of the loan origination fee is capped by regulation at 5 percent and set by the corporation. The Alaska Student Loan Corporation set the origination fee at 0 percent for FY23 and has no plans to introduce a fee in FY24. Because the appropriation earmarks money within a fund, there is no impact on State expenditures.

(c) An amount equal to 10 percent of the filing fees received by the Alaska Court System during the fiscal year ending June 30, 2022, estimated to be \$301,214, is appropriated from the general fund to the civil legal services fund (AS 37.05.590) for the purpose of making appropriations from the fund to organizations that provide civil legal services to low-income individuals.

Per AS 37.09.17.020(j), the court shall require that 50 percent of individuals' punitive damage awards received during the previous closed fiscal year be deposited into the general fund.

Subsection (c) appropriates 10 percent of the filing fees received by the Alaska Court System in FY22 into the Civil Legal Services Fund. A separate appropriation in **section 14(f)** appropriates funding from the Civil Legal Services Fund to the Department of Commerce, Community, and Economic Development for payment of a grant to the Alaska Legal Services Corporation.

(d) 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(a)) 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 June 30, 2023, estimated to be \$1,270,600, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2023, estimated to be \$6,400,000, from the surcharge levied under AS 43.55.300; and

Subsections (d)(1) and (2) appropriate (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY21 collections from the \$0.04 per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006, changed the per barrel surcharge from \$0.03 to \$0.04.

(3) the amount collected for the fiscal year ending June 30, 2023, estimated to be \$6,300,000, from the surcharge levied under AS 43.40.005.

Subsection (d)(3) appropriates revenue collected by the motor fuel surcharge to the Oil and Hazardous Substance Release Prevention Account.

(e) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010(a)) 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 June 30, 2023, estimated to be \$700,000, not otherwise appropriated by this Act; and

(2) the amount collected for the fiscal year ending June 30, 2023, from the surcharge levied under AS 43.55.201, estimated to be \$1,600,000.

Subsection (e) appropriates (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY20 collections from the \$0.01 per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed, the per barrel surcharge from \$0.02 to \$0.01.

Legislative Fiscal Analyst Comment: Per AS 43.55.221(d), the surcharge is suspended when the balance of the response account exceeds \$50 million. The Commissioner of the Department of Revenue reported that the surcharge was suspended effective January 1, 2013. The surcharge was re-imposed effective July 1, 2013 and remains in place today. The fund is not expected to exceed \$50 million in FY24.

Subsections (d) through (g) are effective June 30, 2023 (a supplemental effective date). Prior to the SLA2022 budget, these appropriations had been given a current-year effective date. However, the CBR sweep caused a portion of this revenue to be swept on June 30, before the effective date of this appropriation. By changing the effective date, the funds are moved to a non-sweepable account before the sweep takes effect, thus shielding them from the sweep.

(f) The unexpended and unobligated balance on June 30, 2023, estimated to be \$978,000, of the Alaska clean water administrative income account (AS 46.03.034(a)(2)) in the Alaska clean water

administrative fund (AS 46.03.034) is appropriated to the Alaska clean water administrative operating account (AS 46.03.034(a)(1)) in the Alaska clean water administrative fund (AS 46.03.034).

(g) The unexpended and unobligated balance on June 30, 2023, estimated to be \$800,000, of the Alaska drinking water administrative income account (AS 46.03.038(a)(2)) in the Alaska drinking water administrative fund (AS 46.03.038) is appropriated to the Alaska drinking water administrative operating account (AS 46.03.038(a)(1)) in the Alaska drinking water administrative fund (AS 46.03.038).

The Department of Environmental Conservation (DEC) has been collecting a 0.5 percent fee on all loans made from the clean water and drinking water funds since December 2000.

Beginning in FY15, the department began requesting what is expected to be an annual appropriation from the income account to the operating account, making money available to administer the clean water and drinking water programs. Because the appropriations in **subsections (f) and (g)** simply transfer money within the clean water and drinking water administrative funds, no transactions are shown in the budget. Appropriations from the operating accounts to allocations in DEC appear in **section 1**.

Funding: The Governor's budget uses \$994,500 of Clean Water funds and \$988,200 of Drinking Water funds in FY24. At the end of FY23, the balance of the Clean Water Administrative Fee Account is expected to be \$5.3 million, and the balance of the Drinking Water Administrative Fee Account is anticipated to be \$6.6 million.

(h) An amount equal to the interest earned on amounts in the special aviation fuel tax account (AS 43.40.010(e)) during the fiscal year ending June 30, 2024, is appropriated to the special aviation fuel tax account (AS 43.40.010(e)).

Subsection (h) authorizes the Aviation Fuel Tax Account to retain earnings. The amount of interest earned is expected to be negligible. This appropriation is in response to an FAA requirement that all airport revenue (including earnings on revenue) be spent on the airport system.

(i) An amount equal to the revenue collected from the following sources during the fiscal year ending June 30, 2024, estimated to be \$933,000, is appropriated to the fish and game fund (AS 16.05.100):

(1) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15)), estimated to be \$500,000;

(2) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a)), estimated to be \$3,000;

(3) fees collected for sanctuary access permits (AS 16.05.050(a)(15)), estimated to be \$130,000; and

(4) fees collected at hunter, boating, and angling access sites managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement authorized under AS 16.05.050(a)(6), estimated to be \$300,000.

Subsection (i) appropriates revenue from a variety of sources to the Fish and Game (F&G) Fund.

Legislative Fiscal Analyst Comment: Because the boating and angling access sites were constructed with F&G Funds, the federal government has indicated that facility user fees must be appropriated to the F&G Fund.

(j) The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2024, estimated to be \$30,000, is appropriated from the mine reclamation trust fund income account (AS 37.14.800(a)) to the mine reclamation trust fund operating account (AS 37.14.800(a)).

Subsection (j) authorizes a transfer of funds from the income account to the operating account (both within the Mine Reclamation Trust Fund), where it is available to the Department of Natural Resources for mine reclamation activity under AS 37.14.820.

Funding: The agency projects a transfer of approximately \$30,000. The authorization to spend will go to the Mining, Land and Water allocation (see section 23(b)).

(k) Twenty-five percent of the donations received under AS 43.23.230(b), estimated to be \$225,000, is appropriated to the education endowment fund (AS 43.23.220).

Subsection (k) authorizes a transfer of funds to the Education Endowment Fund from donations made to the Permanent Fund dividend raffle.

New Subsection

(l) The unexpended and unobligated balance of the large passenger vessel gaming and gambling tax account (AS 43.35.220) on June 30, 2024, estimated to be \$13,503,000, is appropriated to the general fund.

Legislative Fiscal Analyst Comment: The Fall 2022 Revenue Sources Book projects \$13.5 million from this revenue source in FY24. The Governor's budget does not utilize this fund source, so the entire balance is available for appropriation. This provision is unnecessary if the legislature does not reverse the CBR sweep, and so it was not included in the FY23 budget.

(m) The remainder of the state's allocation from sec. 9901, P.L. 117-2 (Subtitle M—Coronavirus State and Local Fiscal Recovery Funds, American Rescue Plan Act of 2021), estimated to be \$10,586,300, is appropriated from federal receipts received to the general fund for general fund revenue replacement.

Subsection (m) appropriates the remainder of Alaska's allocation from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), estimated to be \$10.6 million, to the general fund

to replace lost revenue. A UGF tracking code, 1271, is used in the numbers section to distinguish which appropriations are funded with this revenue replacement funding

Legislative Fiscal Analyst Comment: Appropriating the federal money to the general fund and then utilizing a UGF tracking code allows revenue replacement expenditures to be identified without distorting budget reports by changing the fund group of those expenditures.

The entire remaining balance is appropriated to the Alaska Court System for revenue replacement. The remaining funds are available due to lapsed appropriations for revenue replacement that were appropriated in FY22.

Legislative Finance records the impact of this section as a fund transfer, with federal funds going into the treasury and UGF leaving it, therefore reducing the budget deficit.

New Subsection

(n) The amount received as repayment from WWAMI medical education program loans by the Alaska Commission on Postsecondary Education, estimated to be \$674,000, is appropriated to the Alaska higher education investment fund (AS 37.14.750).

Subsection (n) appropriates loan repayments to the Alaska Higher Education Investment Fund from WWAMI graduates who do not return to Alaska. This section was part of the budget in FY21 but was deleted in subsequent budgets due to the sweep of the Higher Education Fund. Per Ch. 15, SLA 2022 (HB 322), the Alaska Higher Education Investment Fund is no longer sweepable.

Deleted Subsection

The sum of \$15,000,000 is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the renewable energy grant fund (AS 42.45.045).

The **deleted section** appropriated \$15 million from the Power Cost Equalization Fund to the Renewable Energy Grant Fund, which was an allowable purpose under AS 42.45.085(d)(2)(B) if sufficient earnings are available. Based on FY22 earnings, no funding will be available for this purpose in FY24.

Sec. 27. RETIREMENT SYSTEM FUNDING. (a) The sum of \$37,942,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution under AS 39.35.280 for the fiscal year ending June 30, 2024.

Subsection (a) provides \$37,942,000 as an additional state contribution to the Public Employees' Retirement System (PERS).

(b) The sum of \$98,766,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution under AS 14.25.085 for the fiscal year ending June 30, 2024.

Subsection (b) provides \$98,766,000 as an additional state contribution to the Teachers' Retirement System (TRS).

Legislative Fiscal Analyst Comment: PERS and TRS contribution rates are capped in statute at 22% (AS 39.35.255(a)) and 12.56% (AS 14.25.070(a)) respectively. This means that non-State PERS employers contribute up to 22% of payroll costs toward employee retirement plan liability, and likewise TRS employers contribute up to 12.56% of payroll costs. These caps are in place regardless of the systems' actuarially determined rates which reflect the total annual contribution required to fund the pension and postretirement healthcare trusts. Any projected actuarial costs exceeding the capped rates are paid by the State (per AS 39.35.280 for PERS and AS 14.25.085 for TRS) in a separate appropriation for additional State contributions to retirement.

Starting in FY22 the passage of SB 55 removed the statutory contribution cap for the State as an employer. This allowed for the full actuarially determined contribution rate to be shifted to agency budgets where a mix of UGF and other fund sources can be used for retirement plan contributions, thereby reducing the total amount of UGF appropriated through the additional State contributions to retirement.

For FY24, the Alaska Retirement Management Board set the PERS and TRS actuarial rates at 25.10% and 25.52% respectively. In effect, the difference between the actuarial rate and the statutory cap is 3.10% for PERS and 12.96% for TRS. The additional State cost incurred by paying the amount over the capped rate is \$37.9 million for PERS and \$98.8 million for TRS.

The June 30, 2022, actuarial valuations estimate the PERS pension trust funded ratio at 68.1% and the TRS ratio at 78.2%. This equates to an estimated unfunded liability between the two of \$9.1 billion (\$6.7 billion for PERS and \$2.4 billion for TRS). An updated report will be available in May 2023.

The valuation maintains improved results in the healthcare trusts which remain overfunded even without a contribution in FY23. This is due primarily to a positive experience on medical claims, as well as gains attributable to plan changes related to special medication prior authorization. This is contrasted with a decreased valuation in the pension trusts due to salary increases and market performance. The funded status of the pension and healthcare trusts is slightly decreased overall compared to FY21 as the actual rate of return averaged for PERS and TERS in FY22 was negative (6.0%) which was a significant departure from the actuarially projected 8.7% rate return.

(c) The sum of \$2,593,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the judicial retirement system for the purpose of funding the judicial retirement system under AS 22.25.046 for the fiscal year ending June 30, 2024.

Subsection (c) provides \$2,593,000 to pay benefits to those eligible under the Judicial Retirement System (JRS).

Legislative Fiscal Analyst Comment: JRS was established in 1963 as a retirement system for judges, justices and the administrator of the Court System. The appropriation is based on the June 30, 2022, actuarial recommendation.

(d) The sum of \$965,866 is appropriated from the general fund to the Department of Administration to pay benefit payments to eligible members and survivors of eligible members earned under the elected public officers' retirement system for the fiscal year ending June 30, 2024.

Subsection (d) provides \$965,866 to pay benefits to those eligible under the Elected Public Officers' Retirement System (EPORS).

Legislative Fiscal Analyst Comment: EPORS was a retirement system for elected state officials (Governor, Lieutenant Governor, and Legislators) and began January 1, 1976. It was repealed by referendum in the 1976 general election; however, the Alaska Supreme Court subsequently ruled that those who served in 1976 were entitled to continue to be covered under the terms of the system.

(e) The amount necessary to pay benefit payments to eligible members and survivors of eligible members earned under the Unlicensed Vessel Personnel Annuity Retirement Plan, estimated to be \$0, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2024.

Subsection (e) provides an amount, estimated to be zero, to pay benefits to those eligible under the Unlicensed Vessel Personnel Annuity Retirement Plan (UVPARP).

Legislative Fiscal Analyst Comment: UVPARP was a union-sponsored retirement plan offered to Department of Transportation and Public Facilities employees who were working aboard Alaska Marine Highway vessels in the 1960s. Most members of this small retirement system converted their service and contributions to PERS in 1992 and the Division of Retirement and Benefits assumed the role of plan administrator for the remaining members who elected to remain under the UVPARP. This language is included annually because the Division of Retirement and Benefits may locate survivors of members who are deceased but are still eligible for benefits.

Sec. 28. SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the monetary terms for the fiscal year ending June 30, 2024, of the following ongoing collective bargaining agreements, including the monetary terms of any letters of agreement:

(1) Alaska Correctional Officers Association, representing the correctional officers unit;

- (2) Alaska Public Employees Association, for the supervisory unit;**
- (3) Public Employees Local 71, for the labor, trades, and crafts unit;**
- (4) Alaska State Employees Association, for the general government unit;**
- (5) Alaska Vocational Technical Center Teachers' Association, National Education Association, representing the employees of the Alaska Vocational Technical Center;**
- (6) Marine Engineers' Beneficial Association, representing licensed engineers employed by the Alaska marine highway system;**
- (7) International Organization of Masters, Mates, and Pilots, representing the masters, mates, and pilots unit;**
- (8) Confidential Employees Association, representing the confidential unit.**

(b) The operating budget appropriations made to the University of Alaska in sec. 1 of this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2024, for university employees who are not members of a collective bargaining unit and to implement the monetary terms for the fiscal year ending June 30, 2024, of the following collective bargaining agreements:

- (1) United Academic - Adjuncts - American Association of University Professors, American Federation of Teachers;**
- (2) United Academics - American Association of University Professors, American Federation of Teachers;**
- (3) Fairbanks Firefighters Union, IAFF Local 1324;**
- (4) Alaska Higher Education Crafts and Trades Employees, Local 6070.**

Subsections (a) and (b) appropriate no money; they specify that various salary adjustments are funded with money appropriated in **section 1. The list changes from year to year, depending on which employees are affected by salary and benefit adjustments.**

Legislative Fiscal Analyst Comment: Legislative adoption of **subsections (a) and (b)** is equivalent to legislative approval of bargaining agreements with the listed organizations.

(c) If a collective bargaining agreement listed in (a) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made in this Act applicable to the collective bargaining unit's agreement are adjusted proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are adjusted accordingly.

(d) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collective bargaining unit and approved by the Board of Regents of the University of Alaska, the appropriations made in this Act applicable to the collective

bargaining unit's agreement are adjusted proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are adjusted accordingly.

Subsections (c) and (d) appropriate no funding; they ensure that funding is removed from the budget if collective bargaining unit agreements listed in **subsections (a) and (b)** are not ratified.

Sec. 29. SHARED TAXES AND FEES. (a) An amount equal to the salmon enhancement tax collected under AS 43.76.001 - 43.76.028 in calendar year 2022, estimated to be \$8,990,000, and deposited in the general fund under AS 43.76.025(c), is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in the fiscal year ending June 30, 2024, to qualified regional associations operating within a region designated under AS 16.10.375.

Funding: These “pass-through” amounts, estimated to be \$9.0 million, were excluded from budget reports until FY20. They are counted as Other funds using the Statutory Designated Program Receipts fund code 1108.

(b) An amount equal to the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2022, estimated to be \$3,295,000, and deposited in the general fund under AS 43.76.380(d), is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in the fiscal year ending June 30, 2024, to qualified regional seafood development associations for the following purposes:

- (1) promotion of seafood and seafood by-products that are harvested in the region and processed for sale;**
- (2) promotion of improvements to the commercial fishing industry and infrastructure in the seafood development region;**
- (3) establishment of education, research, advertising, or sales promotion programs for seafood products harvested in the region;**
- (4) preparation of market research and product development plans for the promotion of seafood and their by-products that are harvested in the region and processed for sale;**
- (5) cooperation with the Alaska Seafood Marketing Institute and other public or private boards, organizations, or agencies engaged in work or activities similar to the work of the organization, including entering into contracts for joint programs of consumer education, sales promotion, quality control, advertising, and research in the production, processing, or distribution of seafood harvested in the region;**
- (6) cooperation with commercial fishermen, fishermen's organizations, seafood processors, the Alaska Fisheries Development Foundation, the Fishery Industrial Technology Center, state and federal agencies, and other relevant persons and entities to investigate market reception to new seafood product forms and to develop commodity standards and future markets for seafood products.**

Funding: These “pass-through” amounts, estimated to be \$3.3 million, were excluded from budget reports until FY20. They are counted as Other funds using the Statutory Designated Program Receipts fund code 1108.

(c) An amount equal to the dive fishery management assessment collected under AS 43.76.150 - 43.76.210 during the fiscal year ending June 30, 2023, estimated to be \$575,000, and deposited in the general fund is appropriated from the general fund to the Department of Fish and Game for payment in the fiscal year ending June 30, 2024, to the qualified regional dive fishery development association in the administrative area where the assessment was collected.

Funding: These “pass-through” amounts, estimated to be \$575,000, were excluded from budget reports until FY20. They are counted as Other funds using the Statutory Designated Program Receipts fund code 1108.

(d) The amount necessary to refund to local governments and other entities their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated from the general fund to the Department of Revenue for payment to local governments and other entities in the fiscal year ending June 30, 2024:

REVENUE SOURCE	FISCAL YEAR COLLECTED	ESTIMATED AMOUNT
Fisheries business tax (AS 43.75)	2023	\$22,700,000
Fishery resource landing tax (AS 43.77)	2023	4,600,000
Electric and telephone cooperative tax (AS 10.25.570)	2024	4,383,000
Liquor license fee (AS 04.11)	2024	785,000

Subsection (d) ensures that the Department of Revenue has the authorization to disburse taxes and fees collected on the behalf of local governments to those entities. The concept applies equally to prior year collections (fisheries receipts) and to current year receipts.

Funding: These “pass-through” taxes, estimated to be \$32.5 million, were excluded from budget reports until FY20. They are counted as Designated General Funds using the Shared Taxes fund code 1261.

Legislative Fiscal Analyst Comment: Common Property Fisheries Assessment revenue is absent from the FY24 bill, as hatchery cost recovery activities conducted by the one participating hatchery (Hidden Falls Hatchery on Baranof Island) were performed using weekly cost recovery test fisheries rather than opening a common property fishery for cost recovery. This decision was made for conservative management of low chum returns.

(e) The amount necessary to refund to local governments the full amount of an aviation fuel tax or surcharge collected under AS 43.40 for the fiscal year ending June 30, 2024, estimated to be \$161,000, is appropriated from the proceeds of the aviation fuel tax or surcharge levied under AS 43.40 to the Department of Revenue for that purpose.

Subsection (e) ensures that the Department of Revenue has the authorization to disburse the local government share of aviation fuel taxes.

Funding: This “pass-through” tax, estimated to be \$161,000, was excluded from budget reports until FY20. It is now counted using the Aviation Fuel Tax Account fund code 1239.

Legislative Fiscal Analyst Comment: Note that the subsection specifically identifies proceeds of the aviation tax as the source of the payments.

The 40 percent share of aviation tax proceeds retained by the State is dedicated to airport operating and capital expenses. Fund code 1239 was created in the 2016 session to track budgeted aviation fuel tax revenue.

(f) The amount necessary to pay the first seven ports of call their share of the tax collected under AS 43.52.220 in calendar year 2023 according to AS 43.52.230(b), estimated to be \$24,100,000, is appropriated from the commercial vessel passenger tax account (AS 43.52.230(a)) to the Department of Revenue for payment to the ports of call for the fiscal year ending June 30, 2024.

Subsection (f) appropriates \$24.1 million of Commercial Vessel Passenger “Head” Tax receipts to the first seven ports of call. This is based on DOR’s forecast of a 90% capacity cruise ship season in calendar year 2023.

Funding: This “pass-through” tax was excluded from budget reports until FY20. It is now counted using the Commercial Passenger Vessel Tax fund code 1206.

(g) If the amount in the commercial vessel passenger tax account (AS 43.52.230(a)) that is derived from the tax collected under AS 43.52.220 in calendar year 2023 is less than the amount necessary to pay the first seven ports of call their share of the tax collected under AS 43.52.220 in calendar year 2023 according to AS 43.52.230(b), the appropriation made in (f) of this section shall be reduced in proportion to the amount of the shortfall.

Subsection (g) is intended to prorate “pass-through” funding to the first seven ports of call if revenue is less than the calculated amount of “pass-through”.

Legislative Fiscal Analyst Comment: Beginning in the FY23 budget, this prorating language was modified to apply to a shortfall of pass-through amounts compared to total revenue. The prior language referred to the fund balance, which created a timing issue between when the fund balance is calculated and when the amounts were shared.

New Section

Sec. 30. SPECIAL APPROPRIATIONS. After the appropriations made in sec. 13(c) and (d) of this Act, the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2023, not to exceed \$5,000,000, is appropriated to the Office of the Governor, Office of Management and Budget, for distribution to central services agencies in the fiscal years ending June 30, 2023, and June 30, 2024, if receipts received from approved central services cost allocation rates under AS 37.07.080(e)(2)(B) fall short of the amounts appropriated in this Act.

Section 30 uses lapsing funds to handle unexpected shortfalls arising in internal service agencies that lack the ability to increase rates after budget development. The legislature appropriated this funding in FY22 and FY23 in **section 1**; the Governor restores the request to use lapsing funds in the language section.

Legislative Fiscal Analyst Comment: Lapsing funds are routinely used for similar purposes (such as refilling the Working Reserve and Catastrophe Accounts) so the request is not unprecedented. However, the legislature's approach makes this appropriation more apparent in budget reports.

In FY22, \$3.4 million of the \$5 million provided by appropriation was expended.

Sec. 31. RATIFICATION OF SMALL AMOUNTS IN STATE ACCOUNTING SYSTEM. The appropriation to each department under this Act for the fiscal year ending June 30, 2024, is reduced to reverse negative account balances in amounts of \$1,000 or less for the department in the state accounting system for each prior fiscal year in which a negative account balance of \$1,000 or less exists.

Section 31 allows departments to use money appropriated for FY24 to clean up small negative account balances (or ratifications) from prior fiscal years. This section removes the need for minuscule ratifications.

Deleted Section

SPECIAL APPROPRIATION FOR ENERGY RELIEF. *In addition to the appropriation made in sec. 62(c)(1) of this Act, the amount necessary to pay a one-time energy relief payment of \$1,300 as part of the permanent fund dividend, estimated to be \$840,141,775, is appropriated to the dividend fund (AS 43.23.045(a)) for the fiscal year ending June 30, 2023, from the following sources:*

(1) \$420,070,887 from the general fund;

(2) *(This paragraph did not receive the affirmative vote of three-fourths of the members of each house of the legislature required by art. IX, sec. 17(c), Constitution of the State of Alaska.)*

The FY23 budget included a \$420.1 million appropriation for energy relief that was distributed as part of the FY23 Permanent Fund Dividend. The original language paid out the amount necessary to pay \$1,300 per person, funded half from the general fund and half from the Constitutional Budget Reserve (CBR). The CBR section did not receive the necessary three-quarters vote of the legislature and was struck from the bill, leaving a fixed appropriation of \$420.1 million from the general fund.

Sec. 32. STATUTORY BUDGET RESERVE FUND. If the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2024, is insufficient to cover the general fund appropriations made for the fiscal year ending June 30, 2024, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the general fund is appropriated to the general fund from the budget reserve fund (AS 37.05.540(a)).

Section 32 provides deficit-filling language from the Statutory Budget Reserve Fund for FY24.

Legislative Fiscal Analyst Comment: \$19.7 million is projected to remain in this fund at the end of FY23.

Deleted Subsection

The unobligated and unrestricted balance of the general fund on June 30, 2023, is appropriated from the general fund to the budget reserve fund (AS 37.05.540(a)).

The legislature appropriated the FY23 surplus, if any, to the Statutory Budget Reserve Fund. The Governor vetoed this language.

New Section

Sec. 33. CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2023 that are made from subfunds and accounts of the operating general fund 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 those funds were transferred.

Subsection (a) is “sweep reversal language” that restores money from funds and accounts that are swept into the constitutional budget reserve (CBR) fund at year-end. The Constitution requires that several year-end general fund and subaccount balances be used to repay withdrawals from the CBR.

Legislative Fiscal Analyst Comment: The FY21 and FY22 CBR sweeps were not reversed due to the failure of the required supermajority votes.

(b) If the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2024, is insufficient to cover the general fund appropriations made for the fiscal year ending June 30, 2024, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the general fund, after the appropriations made in sec. 32 of this Act, is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

Subsection (b) fills the remaining budget deficit (after the transfer from the SBR in **section 32**) with a transfer from the CBR to the general fund.

Funding: The estimated value of this appropriation is about \$177.2 million based on the Governor's FY24 proposed budget.

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

Subsection (c) stipulates that appropriations made from the CBR must be approved by at least three-quarters of the members of each house of the legislature.

Sec. 34. LAPSE OF APPROPRIATIONS. The appropriations made in secs. 10(c), 11, 12, 13(c) - (e), 23(b) and (c), 25, 26, 27(a) - (c) of this Act are for the capitalization of funds and do not lapse.

Section 34 ensures that money deposited into various funds will not lapse at the end of FY24.

Sec. 35. RETROACTIVITY. The appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2023 program receipts or the unexpended and unobligated balance on June 30, 2023, of a specified account are retroactive to June 30, 2023, solely for the purpose of carrying forward a prior fiscal year balance.

Section 35 is standard language to ensure that revenue attached to appropriations or allocations with carryforward language does not lapse at the end of FY23.

Sec. 36. Section 35 of this Act takes effect immediately under AS 01.10.070(c).

Sec. 37. Sections 7 and 26(d) - (g) of this Act take effect June 30, 2023.

Sec. 38. Sections 4 - 6 and 20(b) of this Act take effect January 1, 2024.

Section 38 applies to the Alaska Marine Highway System section, which is budgeted on a calendar year basis.

Sec. 39. Except as provided in secs. 36 - 38 of this Act, this Act takes effect July 1, 2023.

Deleted Section

CONTINGENCIES. (a) *The appropriation made in sec. 48(c) of this Act is contingent on the Matanuska-Susitna Borough contributing \$30,000,000 in matching funds to the 2021 Matanuska-Susitna Borough Transportation Infrastructure Package.*

This **deleted section** applied a contingency to a capital project.

(b) *The appropriations made in sec. 1 of this Act for the payment of a bonus to an employee in the executive branch of the state government who is a member of a collective bargaining unit established under the authority of AS 23.40.070 - 23.40.260 (Public Employment Relations Act) but for which the state and applicable bargaining unit of the employee have not yet entered into a letter of agreement under AS 23.40.070 - 23.40.260 are contingent on the following:*

(1) *the state and the applicable bargaining unit of the employee entering into a letter of agreement under AS 23.40.070 - 23.40.260 for the bonus; and*

(2) *the Department of Administration, division of personnel and labor relations, providing a copy of the letter of agreement described in (b)(1) of this section to the legislative finance division in electronic form not later than June 30, 2023, or 30 days after the department enters into the letter of agreement, whichever is earlier.*

This **deleted section** authorized the payment of bonuses to unionized employees that are not part of a collective bargaining agreement but were authorized by letters of agreement between the executive branch and the union. Authorization was contingent on the executive branch providing copies of the letters of agreement to the legislative finance division. A supplemental item required reports to the legislative finance division and the co-chairs of the finance committees on December 20, 2022 and March 15, 2023.

Legislative Fiscal Analyst Comment: No LOAs have been sent to the Legislative Finance Division as of this publication, and no report was submitted by December 20, 2022.

(c) *The appropriations made in sec. 1 of this Act for the payment of bonuses to classified or partially exempt employees in the executive branch of the state government who are not members of a collective bargaining unit established under the authority of AS 23.40.070 - 23.40.260 (Public Employment Relations Act) are contingent on passage by the Thirty-Second Alaska State Legislature and enactment into law of House Bill 416 or a similar bill.*

The **deleted sections** related to bonuses to be paid for certain classified or partially exempt employees, contingent on the passage of HB 416. While the legislation was signed into law, the necessary funding in **Section 1** was vetoed by the Governor.

(d) *The appropriations made in secs. 28(b) and (c) of this Act are contingent on passage by the Thirty-Second Alaska State Legislature and enactment into law of House Bill 322 or a similar bill.*

(e) *The appropriation made in sec. 35(e) of this Act is contingent on the passage by the Thirty-Second Alaska State Legislature in the Second Regular Session and enactment into law of SB 9 or a similar bill.*

(f) The appropriation made in sec. 34 of this Act is contingent on the passage by the Thirty-Second Alaska State Legislature in the Second Regular Session and enactment into law of SB 25 or a similar bill.

The **deleted sections** provided contingencies related to fiscal notes.

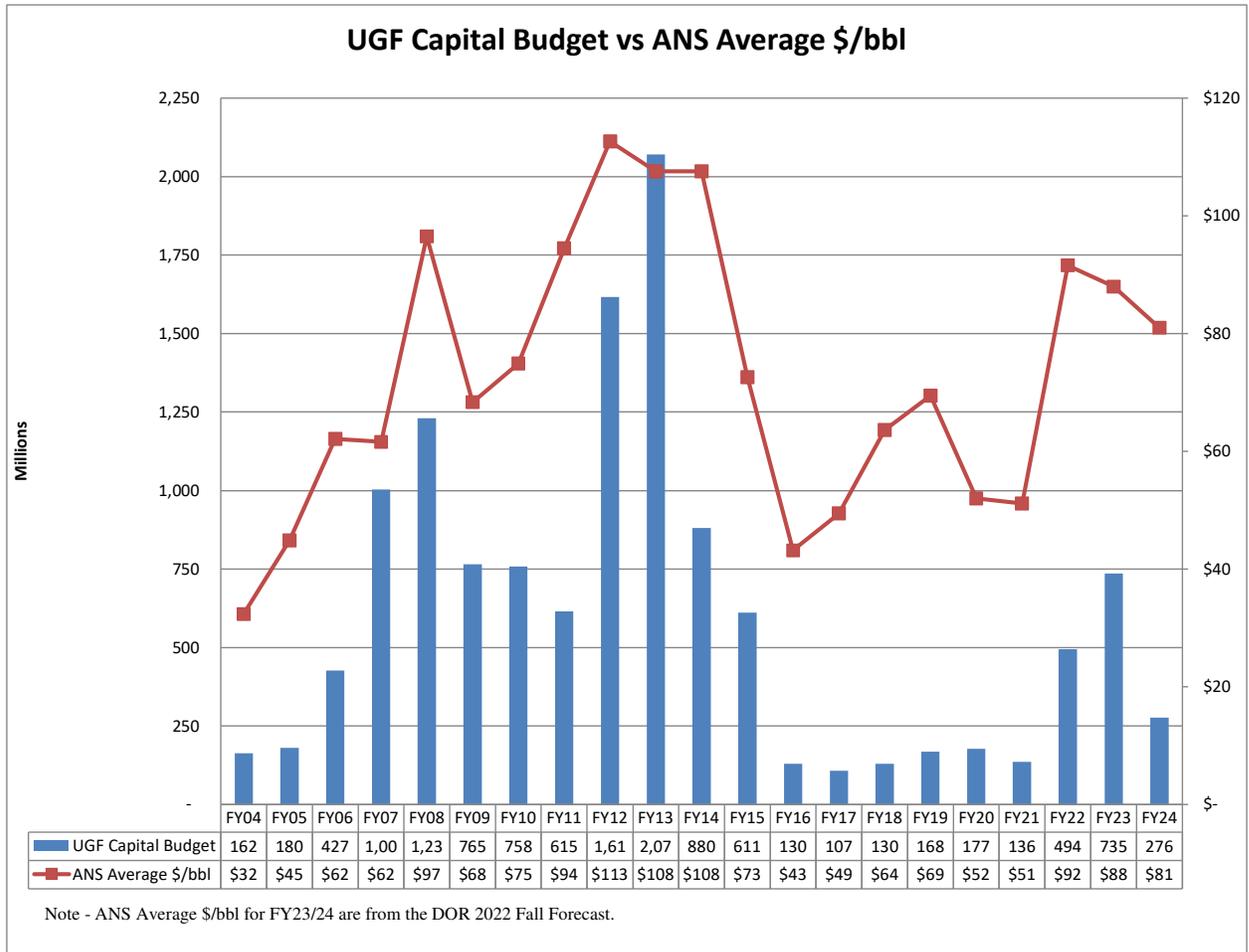
Capital Budget

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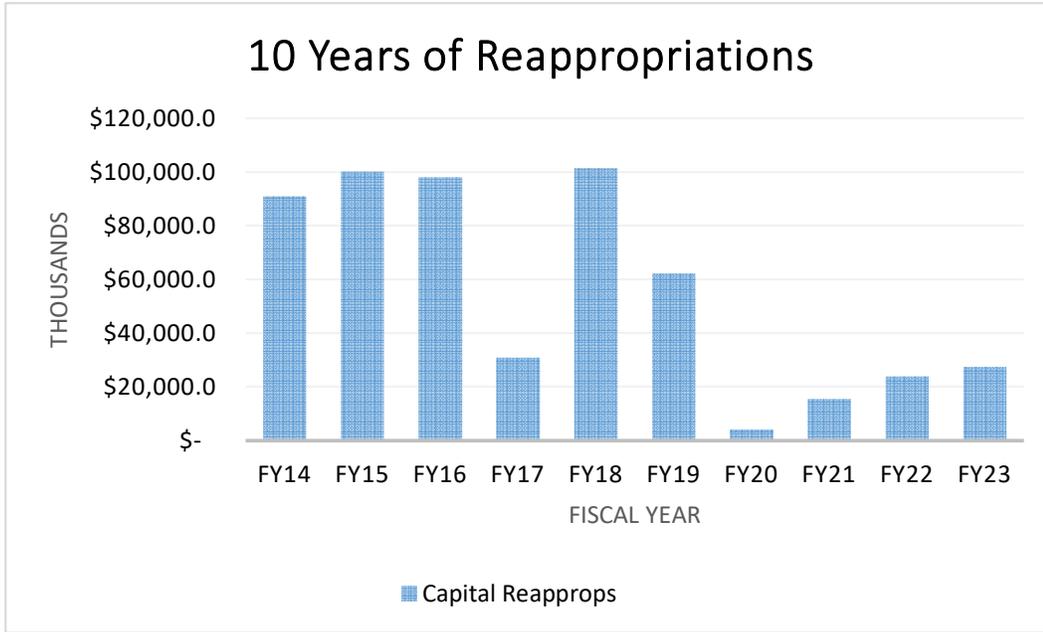
Capital Budget Overview

The Governor’s FY24 capital budget submission totals \$2.1 billion, with \$1.6 billion in federal funding, and \$276.4 million of Unrestricted General Funds (UGF), of which \$171.3 million is used for federal match. The submission does not include any FY23 supplemental appropriations. This is a \$458.7 million (62%) decrease in UGF spending from FY23 authorized levels.

The graph below shows the historical relationship between oil prices and UGF capital appropriations.



As illustrated in the graph, FY06 through FY15 saw unprecedented capital investment. During that ten-year span, over \$25 billion of State and federal funding was appropriated for capital projects. This includes nearly \$10 billion of UGF. As those projects were completed, lapsing balances were available for re-appropriation to new projects, so the true decline in capital spending was less dramatic than the data indicates. From FY16 through FY19, the budget included an average of \$55.6 million of UGF reappropriations. From FY20 through FY24 that average has dropped to \$15.3 million. Few of the projects from the boom years remained open.



The Governor's FY24 Capital Budget

The FY17 through FY21 capital budgets primarily included projects that utilized non-UGF fund sources. However, the 2022 session included almost a billion dollars in UGF capital spending spread across FY22 supplementals and FY23. The Governor's FY24 capital budget again focuses on leveraging federal transportation and Village Safe Water funding but includes some UGF-funded items deemed important to the Governor. The following table summarizes the Governor's budget in thousands of dollars.

Department	UGF	DGF	Other	Fed	Total
Administration	\$ 375.0	\$ -	\$ -	\$ -	\$ 375.0
Commerce	\$ 28,081.6	\$ 7,500.0	\$ -	\$ 94,694.1	\$ 130,275.7
Corrections	\$ 4,080.0	\$ -	\$ -	\$ -	\$ 4,080.0
Environmental Conservation	\$ 26,053.0	\$ 750.0	\$ 51,059.4	\$ 222,250.0	\$ 300,112.4
Fish and Game	\$ 3,050.0	\$ 150.0	\$ 1,000.0	\$ 16,900.0	\$ 21,100.0
Governor	\$ 10,000.0	\$ 29,283.6	\$ -	\$ -	\$ 39,283.6
Health	\$ 2,400.0	\$ -	\$ 250.0	\$ -	\$ 2,650.0
Labor	\$ 1,960.2	\$ -	\$ -	\$ -	\$ 1,960.2
Military & Veterans Affairs	\$ 1,483.3	\$ -	\$ -	\$ 19,951.6	\$ 21,434.9
Natural Resources	\$ 12,070.0	\$ 500.0	\$ 650.0	\$ 28,430.0	\$ 41,650.0
Public Safety	\$ 14,182.0	\$ -	\$ -	\$ -	\$ 14,182.0
Revenue	\$ 23,550.0	\$ -	\$ 2,220.0	\$ 27,700.0	\$ 53,470.0
Transportation & Public Facilities	\$ 131,622.7	\$ 23,000.0	\$ 56,255.0	\$ 1,251,750.1	\$ 1,462,627.8
University of Alaska	\$ 12,000.0	\$ 8,500.0	\$ -	\$ -	\$ 20,500.0
Judiciary	\$ 5,503.3	\$ 3,050.0	\$ -	\$ -	\$ 8,553.3
Total	\$ 276,411.0	\$ 72,733.6	\$ 111,434.4	\$ 1,661,675.8	\$ 2,122,254.8

Major issues to discuss in the Governor's capital budget include:

1. **Federal Program Match**
2. **Federal Infrastructure Bill**
3. **Alaska Marine Highway**
4. **Deferred Maintenance**
5. **Other Notable Items**

1. Federal Program Match

\$171.3 million (62%) of the UGF in the Governor's capital budget is used to match federal funding totaling \$1.7 billion.

The major federal match projects are:

- **Federal-Aid Highway Match** (Department of Transportation and Public Facilities) – \$91.1 million UGF to match \$777.5 million of federal funds;
- **Federal-Aid Aviation State Match** (Department of Transportation and Public Facilities) – \$33.3 million UGF to match \$462 million of federal funds; and
- **Village Safe Water and Wastewater Infrastructure Projects** (Department of Environmental Conservation) – \$25 million in UGF, and \$0.5 million in Statutory Designated Program Receipts to match \$247.7 million of federal funds.

Starting in FY18, the capital budget did away with allocations to specific federally-funded transportation programs and instead appropriated a lump sum under both the Surface Transportation Program (STP) and Airport Improvement Program (AIP) appropriations. In the FY22 and FY23 capital budgets, individual project allocations were reintroduced by the legislature. The Governor's FY24 proposal reverts to the structure of the STP and AIP appropriations that existed prior to FY22. Even prior to FY18, the Governor's budget proposal included lump sum appropriations and the legislature created individual allocations for projects. The practice of lump sum appropriation has also been followed for the Village Safe Water and Wastewater programs since FY12.

In order for a project to be eligible to receive funding in either the STP or AIP program, it must appear in a federally approved capital improvement plan. For highways, this means the Statewide Transportation Improvement Plan (STIP), and for rural airports, it means the AIP. These plans follow federal requirements for project planning that includes public involvement and, historically, determined the allocations that made up the appropriations.

Legislative Fiscal Analyst Comment: With the single appropriation approach for STIP and AIP, the budget more closely reflects expected federal revenues. In prior budgets containing project allocations, DOT&PF programmed additional project allocations to ensure the ability to obligate all available federal revenue if a project was to be delayed. With single program appropriations, DOT&PF can program federal expenditure authority as needed to ready projects included in the STIP or AIP without requiring new additional expenditure authorization from the legislature.

A disadvantage of the single program appropriation approach, however, is a loss of information about which projects are expected to proceed and how they are distributed regionally across the state through their House District assignments. Previously there was an attempt to mitigate this uncertainty by having the Department provide quarterly reports to the Finance Committee Co-Chairs regarding which projects were obligated over the time period. This attempt at information sharing was insufficient to meet the legislature's needs. With the reintroduction of individual project allocations in the FY22 budget, there was an effort to only program project allocations that were expected to go forward. In order to avoid the risk of not being able to obligate federal revenue due to project delays, an allocation called Project Acceleration was included by the legislature for the Department to accelerate projects that were programmed in STIP out-years in order to replace delayed projects. The Governor vetoed that allocation. This had the potential to limit the Department's ability to obligate revenue. Fortunately, the agency had sufficient excess federal authority from prior years to handle any project delays or cost over-runs.

Going through the FY24 budget process, discussion will need to continue regarding the best way to handle individual project allocations to avoid losing the ability to obligate all available federal revenues.

In FY24, the Department has created a new allocation called Statewide Surface Transportation Preconstruction and Construction which would provide flexibility in where federal funding is spent. One issue with listing projects out in FY24 is the timing of the STIP process. The Federal government will not yet have approved the content of the STIP at the time of budget development. This would mean that projects appropriated in FY24 may not be federally approved. While there is no technical issue with creating hollow authority, it has the potential to create expectations of funding that may not be met.

In FY22, the State spent around \$97 million on federal match prior to supplementals¹. With the increases brought about with IJA (see section 2) that number rose to \$152.2 million in FY23. The \$171.3 million in FY24 includes a \$7 million increase in match funding for rural power.²

Legislative Fiscal Analyst Comment: This steady increase in necessary matching funds is not reflected in the Governor's 10-year plan. That plan decreases the estimated UGF spend by \$56.4 million in FY25.

2. Federal Infrastructure Bill

In November of 2021, Congress passed the Infrastructure Investment and Jobs Act (IIJA). The bill provides funding to the State over a five-year period from Federal Fiscal Year 2022 through FFY26. Funding will come in three forms: formula grants through existing programs, new formula grants to the State, and competitive grant funding from federal agencies. The majority of IIJA funding will come in the large federal programs that are in the State's budget annually:

- Federal-Aid Highway;
- Airport Improvement Program; and
- Village Safe Water and Wastewater Infrastructure.

All three of these programs expanded substantially starting in the FY22 supplemental budget due to increased funding through IIJA.

Federal-Aid Highway

FY21 - \$650 million (*prior to IIJA*)

FY22 - \$1 billion

FY23 - \$868.5 million

FY24 - \$755 .5 million

Airport Improvement Program

FY21 - \$214 million (*prior to IIJA*)

FY22 - \$548.6 million

FY23 - \$447.2 million

FY24 - \$462 million

¹ After the addition of supplementals the FY22 match number increased by \$21 million, primarily driven by IJA increases.

² This state match funding has not previously been classified as UGF match and the \$7 million in FY24 amounts to only a \$2.5 million increase above the FY23 UGF funding level.

Village Safe Water and Wastewater Infrastructure

FY21 - \$68.5 million (*prior to IJA*)

FY22 - \$70.8 million

FY23 - \$159.8 million

FY24 - \$247.7 million

Some notable additional IJA projects in the Governor's bill:

Alaska Gasline Development Corporation - Hydrogen Hub- \$10 million Fed

Developing detailed plans for Alaska to be one of six to ten regional hydrogen hubs funded by the Department of Energy. This competitive grant would result in \$10 million in federal funds to prepare the detailed Phase 1 Plan describing how Alaska will produce, process, deliver, store, and use clean hydrogen. Funding for the Phase 1 Plan is estimated to be awarded in April 2023. In total, around \$2 billion of federal funding may be available for planning, design, and construction. The legislature previously appropriated \$4 million fed, and \$250 thousand UGF for developing the proposal as an FY22 supplemental.

Alaska Energy Authority - Electric Vehicle Charging Equipment Development- \$1.7 million Fed

Community-Driven Electric Vehicle Charging Deployment in Underserved Communities. A 20 percent match is required, shared by AEA and project partners. A total of \$52 million is available over 5 years. The legislature previously appropriated \$1.5m UGF as an FY22 Supplemental to create a required state plan before federal funding would be made available.

Alaska Energy Authority - Statewide Grid Resilience and Reliability- \$12.1 million Fed and \$1.8 million UGF

Section 40101 (d) of the IJA established a formula grant program (Program) providing \$459 million annually over a period of five years to states and Indian Tribes to improve the resilience of the electric grid against disruptive events. The Department of Energy's allocation of funds to the State of Alaska under IJA 40101(d) is \$12,110,523 annually for five years.

Clean Water and Drinking Water Capitalization Grant Subsidies- \$45.3 million Fed

The Department of Environmental Conservation currently anticipates \$423.7 million in federal capitalization grants to the Alaska Clean Water and Alaska Drinking Water State Revolving Loan Funds over the next five fiscal years. The Department is required to subsidize a percentage of loans made from the fund. Capital appropriations are required to record that subsidy in the state accounting system. The legislature previously appropriated \$21.8 million fed for this purpose in FY23.

3. Alaska Marine Highway

IIJA also included provisions for a Ferry Service for Rural Communities Program (FSRC) which provides competitive funding to states to ensure basic essential ferry service is provided to rural areas.

Eligible activities include capital, planning, and operating assistance for a ferry service that operated a regular schedule at any time during the five-year period ending March 1, 2020 and served not less than two rural areas located more than 50 sailing miles apart.

The bill provides up to \$200 million for capital and operating expenses per year from FFY22 through FFY26³ and allows the Federal Transit Administration (FTA) to use \$4 million in administration overhead leaving up to \$196 million per year that the State may be eligible for.⁴

The maximum federal share for capital and planning projects selected under FSRC is 80 percent of the net project cost. The maximum federal share for operating projects selected under FSRC is 50 percent. DOTPF has applied for \$44.8 million in eligible operating expenses in FY22.⁵ Only net operating expenses are eligible for assistance. Net operating expenses are those expenses that remain after the provider subtracts operating revenues from eligible operating expenses.⁶ This would leave up to \$151 million for capital expenses.

The Department has applied for several eligible capital projects totaling \$240 million under the program. There is no set date for FTA to make project selections. The application period ended in September 2022. The FTA typically takes four months to announce selections for similar programs. The applications are outlined in the following table.

Capital	Federal Request	State Match	Project Total
Critical Upgrades to Ferry Dock Infrastructure in Five Rural Alaska Communities	\$45,478,414	\$11,369,604	\$56,848,018
Modernization of Four Critical AMHS Vessels Necessary for Service and Environmental Benefits	\$72,065,546	\$18,016,386	\$90,081,932
Replacement of the M/V Tustumena Vessel Serving Rural Southwest Alaska*	\$68,488,384	\$17,122,096	\$85,610,480
Cultivating a Systems Approach to Sustainable Transportation by Implementing Climate Responsive Ferry Vessel Options	\$46,214,008	\$11,553,502	\$57,767,509
Anticipating Future Service & Replacement Needs: Designing a New Alaska Mainliner **	\$8,591,616	\$2,147,904	\$10,739,520
Subtotal	\$240,837,968	\$60,209,492	\$301,047,459
Operating			
Restoring the Health of the AMHS for Sustainable Operations to Rural Communities	\$44,823,800	\$44,823,800	\$89,647,600
Total	\$285,661,768	\$105,033,292	\$390,695,059

*The legislature appropriated over \$222 million of Federal Authority in FY18 for this purpose, as well as \$22 million in state match.

**The legislature appropriated \$30 million in Federal Authority in FY23 for this purpose.

The legislature has already appropriated federal funding to the Tustumena Vessel Replacement (TRV) project and the Department can accept this funding without further appropriation if it receives funding through the program. The Department may also have the opportunity of receiving

³ In addition to the \$200 million provided in the Bipartisan Infrastructure Law, the law authorizes an another \$200 million per year in funding subject to annual appropriations. This additional funding was not included in the most recent FFY24 omnibus bill.

⁴ Ferry Service for Rural Communities Program - IIJA § 71103 | FTA (dot.gov)

⁵ Alaska Marine Highway Operations Board-Strategy IIJA Funding and Discretionary Grants

⁶ Joint Passenger Ferry, Electric and Low-Emitting, and Rural Ferry Competitive Programs Webinar | FTA (dot.gov)

TRV funding through the Multimodal Project Discretionary Grants (MPDG) Program through their Mega Project solicitation for the TRV. The Department submitted a proposal based on a total project cost of \$328.87 million and requested \$194.9 million.

IIJA also created the Electric and Low-Emitting Ferry Pilot Program. Appropriating \$49 million per year until FFY26. Eligible projects are the purchase of electric or low-emitting ferry vessels that reduce emissions by using alternative fuels or onboard energy storage systems and related charging infrastructure to reduce emissions or produce zero onboard emissions under normal operation. It also stipulates that ferry systems that accommodate cars must also accommodate walk-on passengers to be eligible for funding.

Legislative Fiscal Analyst Comment: The Governor's FY24 capital budget request does not include any funding for AMHS for either of these IIJA programs. If DOT&PF were to receive funding for any of the applications (excluding TRV) it would either need federal receipt authority or state match funding. The total amount of new state match necessary based on these applications could be as high as \$83 million.

4. Deferred Maintenance

Deferred maintenance (DM) is maintenance that has been deferred to another time, usually as a consequence of insufficient funding. The most recent estimates by the Office of Management and Budget provide a deferred maintenance backlog totaling just under \$1.9 billion (see the table on the following page). Three quarters of this backlog (\$1.4 billion) is within the University of Alaska.

In FY11, the Parnell administration began a five-year initiative to address the deferred maintenance backlog. Over those five years an average of \$123 million was appropriated to deferred maintenance, and the backlog shrunk from \$2.3 billion to \$1.6 billion. However, since FY16, reduced funding has caused the backlog to gradually increase again.

To address this, the legislature passed SB 107 (Chapter 88, SLA 2018), which designated the Alaska Capital Income Fund (ACIF) for deferred maintenance. This provides a steady source of funding for deferred maintenance – roughly \$30 million per year – though this alone is not sufficient to eliminate the backlog. In 2018, the executive branch launched the statewide Division of Facilities Services to integrate State agency maintenance and prioritize deferred maintenance needs. Since FY18, the bulk of deferred maintenance funding has gone to a centralized appropriation to the Office of Management and Budget to distribute funds to the highest-priority needs statewide.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

The Governor's FY24 capital budget spends \$29.3 million of ACIF funding on deferred maintenance managed through the Governor's Office. Additionally, \$3 million of ACIF funding is used for DM in Judiciary, which has been standard practice for the last several years.⁷

A portion of the Amerada Hess oil pricing settlement is managed as a "fenced off" portion of Permanent Fund principal and is valued at approximately \$425 million. Earnings from that principal are deposited into the ACIF.

The following table summarizes the State's Deferred Maintenance backlog in thousands of dollars.

Agency	FY22 Total DM Backlog	% of Total DM Backlog	% of Total DM Excl. University
Administration	\$0	0%	0%
Corrections	\$63,650,000	3.4%	13.4%
Education	\$26,450,000	1.4%	5.6%
Environmental Conservation	\$1,600,000	0.3%	0.3%
Fish & Game	\$15,551,300	0.8%	3.3%
Health & Social Services	\$38,517,182	2.1%	8.1%
Labor	\$20,025,000	1.1%	4.2%
Military	\$3,900,000	0.2%	0.8%
Natural Resources	\$21,870,000	4.6%	4.6%
Public Safety	\$8,868,300	0.5%	1.9%
Transportation	\$258,852,600	13.9%	54.5%
Facilities	\$44,360,600	2.4%	9.3%
Highways	\$153,806,600	8.2%	32.4%
Aviation	\$38,690,000	2.1%	8.2%
Harbors	\$19,216,400	1.0%	4.0%
Marine Highways	\$2,779,000	0.1%	0.6%
University	\$1,392,966,700	74.6%	N/A
Courts	\$15,335,700	0.8%	3.2%
Totals	\$1,867,587,482	100%	100%

⁷ The ACIF is projected to earn \$29.3 million in FY24 according to the Department of Revenue in the 2022 Fall Revenue Sources Book. The Governor proposes spending an additional \$3 million for DM in the Judiciary. Without a reverse sweep to maintain a fund balance from year to year, appropriations from this fund must balance with annual revenue.

Legislative Fiscal Analyst Comment: The \$32 million appropriated in FY24 is well below the “1% rule”: general best practice maintenance should cost at least one percent of the property value per year. The State has over 2,400 facilities with a total value around \$9.7 billion. Following the “1% rule,” basic maintenance on those buildings would be around \$97 million a year just to avoid a growing deferred maintenance backlog. The administration has pointed to an estimated \$76 million in operating budget spending for basic maintenance as a sign that the State is not neglecting its maintenance needs under the “1% rule,” but the ongoing growth of the deferred maintenance backlog strongly suggests that current operating budget expenditures are not meeting the State’s facility maintenance need. There is no definitive rule on the level of preventative maintenance necessary to avoid deferred maintenance, but a 2012 National Research Council publication references a range closer to 2% - 4% of asset replacement value.

The Governor’s FY24 budget does not include specific funding for the University of Alaska’s deferred maintenance backlog, which makes up the vast majority (74.6%) of the State’s total. The University of Alaska typically allocates a portion of its budget to deferred maintenance and the legislature often supplements that funding to address the sizeable backlog. Deferred maintenance funding is an area that the University has had to reduce as State support of the University has decreased. In SLA2021, the Governor vetoed all capital appropriations to the University of Alaska, totaling \$31.5 million. In SLA2022, the legislature appropriated \$50 million as an FY22 supplemental that the Governor vetoed down to \$23 million.

In addition to State-owned facilities, there are substantial deferred maintenance backlogs in school facilities and rural water and sewer facilities that receive maintenance funding from the State. Water and sanitation facility maintenance is funded through the Village Safe Water Program, which is divided between new projects and maintenance of existing service. As of 2022, the total funding needed for necessary upgrades to existing sanitation was about \$580 million. There is an estimated \$1.2 billion in need for first-time service in rural Alaska.

School district deferred maintenance is funded through the Major Maintenance Grant fund. The FY24 list⁸ includes \$217 million of requested state funding for projects submitted by the districts. The \$217 million amount only accounts for those projects submitted by districts for the program and does not represent the total need of schools in the state. The FY23 amount on the list was \$196 million. The Legislature appropriated \$37.5 million to the fund in FY23 after Governor’s vetoes. Subsequently the list grew when districts recognized the possibility of grant funding after several years without funding. The Governor’s FY24 budget appropriates no funding to School Major Maintenance.

⁸ Reconsideration FY2024 DEED Major Maintenance CIP Rankings (alaska.gov)

5. Other Notable Items

Legal, Expertise, and Consultation Services to Support Statehood Defense- \$10.0 million UGF

The Governor's Office is requesting this funding to pursue consultation and legal services related to "defense of Alaska's rights provided at statehood to develop and protect the state's natural resources, to manage its fish and wildlife resources, and to protect state sovereignty."

Legislative Fiscal Analyst Comment: The Legislature appropriated \$4 million UGF in the Department of Law operating budget for "Outside Counsel and Expertise to Support Statehood Defense" as an FY21 to FY25 multi-year appropriation. There was \$3 million remaining in that appropriation at the end of FY22. The legislature appropriated an additional \$2.5 million as an FY22-25 multi-year appropriation for the same purpose.

This does not appear to fit the definition of a capital project, which AS 37.06.090 defines as "a project with a cost exceeding \$10,000 to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment." This item would be more appropriate in the operating budget.

UA Drones- \$10.0 million UGF

The University is developing Unmanned Aircraft Systems technologies and conducting many of the testing operations needed to support the full integration of drones with traditional aircraft in United States airspace and develop the workforce needed to support this emerging industry in Alaska.

Legislative Fiscal Analyst Comment: The University received a \$10 million multi-year (FY23 - FY24) UGF appropriation in the FY23 operating budget for the same purpose.

Omitted AHFC Housing Programs

The Governor's budget does not include the following AHFC board approved capital projects:

MH: AHFC Beneficiary & Special Needs Housing- \$1.75 million MH/GF, \$1.75 million AHFC receipts, \$200 thousand MHTAAR. **(Total \$3.7 million)**

Housing Loan Program for Teachers, Health Workers, and Public Safety- \$500 thousand SDPR, \$1.8 million AHFC receipts **(Total \$2.3 million)**

Legislative Fiscal Analyst Comment: The Beneficiary & Special Needs Housing is a Mental Health Trust Board approved project recommended to AHFC by the board.

Language Sections of the Governor's FY24 Capital Budget

Sec. 4. FEDERAL AND OTHER PROGRAM RECEIPTS. Federal receipts, designated program receipts under AS 37.05.146(b)(3), information services fund program receipts under AS 44.21.045(b), Exxon Valdez oil spill trust receipts under AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund under AS 19.65.060(a), receipts of the vaccine assessment account (AS 18.09.230), receipts of the University of Alaska under AS 37.05.146(b)(2), receipts of the highways equipment working capital fund under AS 44.68.210, and receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(20) that are received during the fiscal year ending June 30, 2024, and that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

Section 4 provides appropriation of any of the listed receipts that are collected in FY24 beyond the amounts appropriated in the act. Although the appropriations are conditioned on review by the Legislative Budget and Audit Committee (LB&A), the Governor can increase authorization for listed fund sources without the approval of the Committee for expenditures that are subject to the statutory requirements. Similar language in the operating budget applies only to appropriations in the operating bill.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. The Legislative Finance Division reports place no dollar value on appropriations made in this section as the amounts cannot be reasonably anticipated.

Legislative Fiscal Analyst Comment: The appropriation language specifically reads that only receipts recorded in FY24 beyond the amounts appropriated in the act are appropriated conditioned on the statutory requirements. The statute, AS 37.07.080(h), further limits the increase of an appropriation by “additional federal or other program receipt...”

Recently, federal Coronavirus relief legislation has led to an increase in cases of additional federal authority being approved through the RPL process under AS 37.07.080(h). Because of the timing of the bills and the delayed release of federal funding not aligning with the regular legislative session, the Office of Management and Budget has submitted additional requests the last two years based on these increases in federal funding. Given the potential for additional competitive grant funding through the federal infrastructure bill, there may be unexpected federal funding coming to the State outside of the regular session.

The following sentence should be added to the end of this language to match what is included in the operating bill: "Receipts received under the subsection during the fiscal year ending June 30, 2024, do not include the balance of a State fund on June 30, 2023."

Sec. 5. 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.**

Section 5 allows an agency to receive insurance claim settlement payments directly from a third party. Without this provision, settlements would remain in the general fund and would not be available to offset an agency's loss without a specific appropriation.

Sec. 6. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530(a)) under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 by June 30, 2023, estimated to be \$32,100,000, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

Section 6 appropriates the entire amount received (estimated to be \$32.1 million for FY23) from the revenue shared by the federal government from sales, rentals, bonuses, and royalties on leases issued within the NPR-A to the NPR-A Impact Grant Program. Grants are awarded to municipalities impacted by oil and gas development in the NPR-A. AS 37.05.530(g) states that receipts not appropriated as grants are to be distributed as follows: 25 percent to Permanent Fund Principal, 0.5 percent to the Public School Trust Fund, and any remaining amount to the Power Cost Equalization and Rural Electric Capitalization Fund.

Sec. 7. DEPARTMENT OF FISH AND GAME. The proceeds from the sale of state-owned vessels and aircraft in the fiscal year ending June 30, 2024, by the Department of Fish and Game, estimated to be \$150,000, are appropriated from the general fund, to the Department of Fish and Game for renewal, replacement, and maintenance of vessels and aircraft.

Section 7 appropriates an estimated \$150,000 in proceeds from the sale of State-owned

vessels and aircraft belonging to Department of Fish and Game in FY24 back to the Department of Fish and Game for renewal, replacement, and maintenance of vessels and aircraft.

Sec. 8. LAPSE (a) The appropriations made in secs. 1, 6, and 7 of this Act are for capital projects and lapse under AS 37.25.020.

Legislative Fiscal Analyst Comment: The capital project lapse provision under AS 37.25.020 was amended during the 2014 session by Chapter 61, SLA 2014 (HB 306). The new lapse provision was modeled after the lapse provision for Grants to Municipalities (AS 37.05.315) whereby “substantial and ongoing work” must have begun within five years of the effective date of the appropriation. As long as substantial and ongoing work continues, the capital appropriation will not lapse. Before this change, capital appropriations were effective for the “life” of the capital project. This provided excessive ambiguity and allowed agencies to retain funding for capital projects with little, or no, legislative oversight.

(b) A grant awarded in this Act to a named recipient under AS 37.05.316 is for a capital project and lapses under AS 37.05.316 unless designated for a specific fiscal year.

Legislative Fiscal Analyst Comment: This provision ensures that grants to named recipients are treated as capital projects. Prior to including this provision, the Department of Commerce, Community, and Economic Development included grants in their operating budget, thereby distorting the amount spent on day-to-day operations.

Sec. 9. This Act takes effect July 1, 2023.

Agency Narratives and Funding Summaries

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: Admin**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtPln	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtPln to 24Gov	[5] - [4] Adj Base to 24Gov	[5] - [3] %	[5] - [4] %
Administration									
Centralized Admin. Services	98,954.8	100,026.6	100,026.6	101,137.0	101,257.0	1,230.4	120.0	1.2 %	0.1 %
Shared Services of Alaska	20,176.3	20,260.4	20,260.4	20,586.7	20,786.7	526.3	200.0	2.6 %	1.0 %
Admin State Facilities Rent	506.2	506.2	506.2	506.2	506.2	0.0	0.0		
Public Communications Services	2,379.5	879.5	879.5	879.5	879.5	0.0	0.0		
Office of Information Tech	63,920.5	65,686.4	65,686.4	64,677.1	64,677.1	-1,009.3	0.0	-1.5 %	
Risk Management	40,593.3	37,573.9	37,573.9	37,590.4	38,039.4	465.5	449.0	1.2 %	1.2 %
Legal & Advocacy Services	65,276.7	68,748.3	68,748.3	69,453.1	72,757.9	4,009.6	3,304.8	5.8 %	4.8 %
Alaska Public Offices Comm	1,071.5	1,114.9	1,114.9	1,128.0	1,128.0	13.1	0.0	1.2 %	
Motor Vehicles	18,799.2	18,877.6	18,877.6	19,148.6	19,478.6	601.0	330.0	3.2 %	1.7 %
Agency Unallocated	608.6	0.0	0.0	0.0	0.0	0.0	0.0		
Agency Total	312,286.6	313,673.8	313,673.8	315,106.6	319,510.4	5,836.6	4,403.8	1.9 %	1.4 %
Statewide Total	312,286.6	313,673.8	313,673.8	315,106.6	319,510.4	5,836.6	4,403.8	1.9 %	1.4 %
Funding Summary									
Unrestricted General (UGF)	74,782.1	78,458.4	78,458.4	77,314.9	80,446.9	1,988.5	3,132.0	2.5 %	4.1 %
Designated General (DGF)	29,385.6	29,448.6	29,448.6	29,865.5	31,806.1	2,357.5	1,940.6	8.0 %	6.5 %
Other State Funds (Other)	206,789.7	204,437.6	204,437.6	206,584.6	205,815.8	1,378.2	-768.8	0.7 %	-0.4 %
Federal Receipts (Fed)	1,329.2	1,329.2	1,329.2	1,341.6	1,441.6	112.4	100.0	8.5 %	7.5 %

Department of Administration
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Shared Services of Alaska / Office of Procurement and Property Management	Continued Consolidation of Procurement Positions into the Office of Procurement and Property Management	35 PFT Positions	35 PFT positions are transferred from 12 agencies to consolidate and realign procurement services in accordance with Administrative Order 304. This executive order realigned procurement services for the State of Alaska, consolidating authority and responsibilities from various agencies into a single component of the Department of Administration (DOA). Initiated in 2019, this effort continues as more agencies, positions, functions, and responsibilities are identified and consolidated into the Office of Procurement and Property Management. Not all agencies had positions or functionality to transfer at this time and the process of identifying positions and functionality is ongoing.
2	Shared Services of Alaska / Office of Procurement and Property Management	Align Authority for Increased Vendor Fees to Reduce Chargeback Rates	Net Zero \$1,110.6 GF/Prgm (DGF) (\$1,110.6) I/A Rcpts (Other)	The Department collects fees from its vendors based on the volume of transactions that are processed. The agency has carryforward authority for these General Fund Program Receipts. Replacing interagency receipt authority with program receipt authority will allow the program to utilize the excess annual revenues, which in turn may impact chargeback rates to other State of Alaska departments.
3	Shared Services of Alaska / Accounting	Align Authority with Increased Collection of Debt Owed to the State	Net Zero \$500.0 GF/Prgm (DGF) (\$500.0) I/A Rcpts (Other)	The Department has the authority to collect aged accounts receivable and debt recovery, including withholding Permanent Fund Dividend (PFD) payments as a method of State debt collection when necessary (AS 43.23.170-210). Increased PFD distribution amounts have resulted in an increase in State debt collection. Replacing interagency receipt authority with program receipt authority will allow the program to utilize the excess annual revenues, which in turn may impact chargeback rates to other State of Alaska departments.
4	Office of Information Technology / Alaska Division of Information Technology	Return 11 Positions to the Department of Natural Resources for Organizational Change	Net Zero (11) PFT Positions	This transaction will transfer 11 PFTs from the Office of Information Technology (OIT) to the Department of Natural Resources. The agency intends on returning these positions after determining their responsibilities are highly specialized and should not be part of the centralization of information technology.
5	Risk Management / Risk Management	Provide Authority for an Omitted Fiscal Note for SLA 2022 SB 131	\$449.0 I/A Rcpts (Other)	SB 131 (Ch. 48 SLA22) authorized payment in workers' compensation for firefighters with certain types of cancers, those with permanent partial impairments, and compensation for death benefits under certain circumstances. A fiscal note for this I/A

Department of Administration
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Risk Management / Risk Management	Provide Authority for an Omitted Fiscal Note for SLA 2022 SB 131	\$449.0 I/A Rcpts (Other)	(continued) authority was submitted by the Department of Administration but was not specifically funded in the appropriation bill despite the passage of the legislation. This change corrects the omission.
6	Legal and Advocacy Services / Various	Provide Funding for Ch. 44 SLA 2022 HB 325	\$3,122.3 Gen Fund (UGF) 10 PFT Positions	House Bill 325 (Ch. 44 SLA22) updated statutes including those relating to sexual offense, domestic violence, and sexual assault examination kits which the Department indicates will lead to an increase in the demand for their services. This increased the demand for services for Public Guardians and Public Defenders. The positions and authority include the following: Office of Public Advocacy: 4 PFTs and \$1,964.2: -two Law Office Assistants; -two Investigators; and Public Defender Agency: 6 PFTs and \$1,164.7: -one Paralegal; -one Investigator; -one Program Coordinator; and -three Attorneys. Fiscal Analyst Comment: There were two fiscal notes submitted with the original consent legislation HB 5, which was introduced in 2021, and later merged into HB 325 (Ch. 44 SLA22). The original fiscal notes reflect a higher amount: \$2,583.5 and 6 PFTs for the Office of Public Advocacy and \$1,437.2 and 9 PFTs for the Public Defender Agency. The Governor's Office has re-evaluated the workload being assigned to these positions and reduced the funding and number of positions requested.
7	Motor Vehicles / Motor Vehicles	Critical Updates to Division of Motor Vehicles Software	\$330.0 GF/Prgm (DGF)	The Division of Motor Vehicles (DMV) uses several applications and software programs to provide access to services, track accounts receivable, provide web-based practice testing, manage the waiting queue, and perform knowledge testing for personal and commercial license certifications. Much of this equipment and software requires ongoing maintenance and updating for proper functionality and to avoid interruptions in service. This funding will be used to

Department of Administration
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Motor Vehicles / Motor Vehicles	Critical Updates to Division of Motor Vehicles Software	\$330.0 GF/Prgm (DGF)	(continued) maintain, update, and expand the functionality of the Division's technology.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: DCCED**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Commerce, Community & Econ Dev									
Executive Administration	6,696.0	7,165.4	7,165.4	6,886.5	8,510.9	1,345.5	18.8 %	1,624.4	23.6 %
Banking and Securities	4,314.4	4,332.5	4,332.5	4,332.5	4,863.5	531.0	12.3 %	531.0	12.3 %
Community and Regional Affairs	16,400.0	167,890.2	167,890.2	12,169.7	12,539.3	-155,350.9	-92.5 %	369.6	3.0 %
Revenue Sharing	14,128.2	14,128.2	14,128.2	14,128.2	14,128.2	0.0		0.0	
Corp, Bus & Prof Licensing	17,234.8	17,473.3	17,473.3	16,354.6	16,605.6	-867.7	-5.0 %	251.0	1.5 %
Economic Development	0.0	852.5	852.5	0.0	0.0	-852.5	-100.0 %	0.0	
Investments	5,517.9	5,539.9	5,539.9	5,539.9	5,539.9	0.0		0.0	
Insurance Operations	9,532.4	10,585.4	10,585.4	8,085.4	9,135.4	-1,450.0	-13.7 %	1,050.0	13.0 %
AK Oil & Gas Conservation Comm	8,214.6	8,486.1	8,486.1	8,486.1	8,486.1	0.0		0.0	
Alcohol and Marijuana Control	3,991.4	4,254.4	4,254.4	4,254.4	4,469.6	215.2	5.1 %	215.2	5.1 %
AK Gasline Development Corp	3,082.1	3,086.1	3,086.1	3,086.1	3,086.1	0.0		0.0	
Alaska Energy Authority	40,854.0	56,565.7	56,565.7	8,583.1	58,120.7	1,555.0	2.7 %	49,537.6	577.2 %
AIDEA	15,538.7	16,143.0	16,143.0	16,143.0	18,619.6	2,476.6	15.3 %	2,476.6	15.3 %
Alaska Seafood Marketing Inst	26,536.3	24,992.9	24,992.9	21,707.8	21,707.8	-3,285.1	-13.1 %	0.0	
Regulatory Commission of AK	9,825.0	9,988.7	9,988.7	9,988.7	9,988.7	0.0		0.0	
DCCED State Facilities Rent	1,359.4	1,359.4	1,359.4	1,359.4	1,359.4	0.0		0.0	
Agency Unallocated	326.4	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	183,551.6	352,843.7	352,843.7	141,105.4	197,160.8	-155,682.9	-44.1 %	56,055.4	39.7 %
Statewide Total	183,551.6	352,843.7	352,843.7	141,105.4	197,160.8	-155,682.9	-44.1 %	56,055.4	39.7 %
Funding Summary									
Unrestricted General (UGF)	19,276.7	10,014.5	10,014.5	8,963.0	14,545.0	4,530.5	45.2 %	5,582.0	62.3 %
Designated General (DGF)	91,177.4	108,759.1	108,759.1	58,190.6	106,291.1	-2,468.0	-2.3 %	48,100.5	82.7 %
Other State Funds (Other)	50,308.3	51,432.8	51,432.8	51,153.9	53,476.8	2,044.0	4.0 %	2,322.9	4.5 %
Federal Receipts (Fed)	22,789.2	182,637.3	182,637.3	22,797.9	22,847.9	-159,789.4	-87.5 %	50.0	0.2 %

Department of Commerce, Community and Economic Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Executive Administration / Commissioner's Office	Add Boards and Regulations Advisor (08-X191) for Boards and Regulations	\$256.1 I/A Rcpts (Other) 1 TMP Position	<p>A temporary Boards and Regulations Advisor (range 27) is added in Juneau to support the Office of the Commissioner. The position will be funded with interagency receipts collected from the other divisions for administrative support.</p> <p>The Boards and Regulations Advisor will monitor board activity, serve as the agency's board liaison, and be the primary point of contact for boards that the Commissioner sits on. This position will direct and oversee the agency's regulatory review process and liaise with boards and divisions to ensure that information is shared, and board activities are appropriately facilitated. They will also provide 'best practices' training to boards, and work with the Governor's Office of Boards and Commissions to develop expectations and onboarding processes for new board members. The agency reports that this workload is currently managed by division directors and executive administration.</p>
2	Executive Administration / Commissioner's Office	Add Executive Secretary 3 (08-#056) for Administrative Support in the Commissioner's Office	\$153.8 I/A Rcpts (Other) 1 PFT Position	<p>Interagency receipts will be collected from the other divisions to support the addition of an Executive Secretary 3 (range 16) in the Commissioner's Office. This position will be located in Ketchikan.</p> <p>Agency responsibilities have been augmented in recent years with the creation of the Office of International Trade and the Alaska Broadband Office, as well as the addition of new grant programs. The agency describes an increased demand to receive, administer, and report on federal funding, and requests additional executive administrative support to meet this demand.</p> <p>This position will assume responsibility for administering the Commissioner's schedule and travel reconciliations, as well as managing the Commissioner's communications. An existing Executive Assistant in Anchorage will continue to provide executive support for other Anchorage-based Commissioner's Office staff and will focus more time on duties related to the Office of International Trade.</p>
3	Various	Alaska Broadband Office Program Implementation	n/a	The Alaska Broadband Office (ABO) was established in FY23 with the passage of HB 363 (Ch. 52 SLA22). The program is funded with an FY23 capital

Department of Commerce, Community and Economic Development
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Various	Alaska Broadband Office Program Implementation	n/a	<p>(continued)</p> <p>appropriation of \$6 million in federal authority to receive funds appropriated in the Infrastructure Investment and Jobs Act (IIJA) for Broadband Equity and Access Deployment.</p> <p>The ABO was initially authorized with a temporary increment (FY23-FY27) of \$513.0 in CIP Receipt authority to support a Director, Broadband Technician, and Project Administrator. In addition, \$399.7 of CIP Receipt authority was added to the base in FY23, which represents the agency's fiscal note projection less the \$513.0 of temporary authorization, which had already been provided in the FY23 operating budget to stand up the new allocation. The \$513.0 temporary increment is moved to the base in the FY24 budget.</p> <p>FY24 program augmentation is reflected in base increments in the following appropriations / allocations:</p> <p>Executive Administration / Alaska Broadband Office:</p> <ol style="list-style-type: none"> \$513.0 of CIP Receipts to shift temporary (FY23-FY27) funding for three existing positions into the base budget; \$159.1 of CIP Receipts for broadband grants management; \$236.2 of CIP Receipts and a temporary Tribal Liaison (range 21) located in Juneau; \$256.2 for FY24 fiscal note costs related to the implementation of HB 363. <p>Community and Regional Affairs / Community and Regional Affairs:</p> <ol style="list-style-type: none"> \$350.0 I/A and 2 PFT Grants Administrator 1/2/3 positions (range 15/17/19) located in Fairbanks. I/A will be supported by CIP Receipts in the ABO allocation.
4	Banking and Securities / Banking and Securities	Increased Legal Costs and Financial Examiner 4 (08-#071) for Investigations and Enforcement	\$481.0 GF/Prgm (DGF) 1 PFT Position	A Financial Examiner 4 (range 23) is added in Anchorage to supervise two existing investigators with the Division of Banking and Securities (DBS) enforcement team. The agency reports a steady workload increase over the past five years with the

Department of Commerce, Community and Economic Development
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(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Banking and Securities / Banking and Securities	Increased Legal Costs and Financial Examiner 4 (08-#071) for Investigations and Enforcement	\$481.0 GF/Prgm (DGF) 1 PFT Position	(continued) emergence of new fiscal industries and increased digital fraud targeting Alaskans' financial information. This has resulted in a lack of timely enforcement for a variety of complaints and cases brought before the Division. In addition to adding a position, this increment seeks to increase program receipt authority in order to contract Department of Law support for negotiated settlement or prosecution of these matters. The services line includes \$275.0 for Department of Law costs, as well as \$25.0 for statewide and department core services related to the new position.
5	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Stabilize Volatile Licensing Fees by Offsetting Investigative Costs with General Funds	Net Zero \$2,200.0 Gen Fund (UGF) (\$2,200.0) Rcpt Svcs (DGF)	This fund change adds \$2.2 million of general funds to the agency's base budget to supplant a three-year average of investigative costs that would have otherwise been paid through licensing receipts. AS 08.01.065 requires the Department to set licensing fees at a level so that the total amount of fees collected approximates the regulatory costs of the licensure program. Historically, the professional licensing programs have struggled with highly volatile investigative costs which can create significant reactionary adjustments in licensing fees. This general fund subsidy is intended to provide increased stability for licensing fees across regulated professions in Alaska. Fiscal Analyst Comment: SB 241 (Ch. 10, SLA20) placed a temporary abeyance (through November 15, 2020) on the increase of certain professional licensing fees during the COVID-19 public health emergency declaration. The legislature also authorized an FY21 supplemental appropriation of \$411.7 UGF, an FY22 one-time appropriation of \$1,500.0 UGF, and an FY23 one-time appropriation of \$1,100.0 UGF to offset subsequent licensing program deficits.
6	Alaska Gasline Development Corporation / Alaska Gasline Development Corporation	Support Ongoing Operations of the Alaska Gasline Development Corporation	Net Zero \$3,086.1 Gen Fund (UGF) (\$3,086.1) AGDC-LNG (Other)	The Alaska Gasline Development Corporation (AGDC) is currently supported by the AGDC-LNG fund (per AS 31.25.110) which was last capitalized in 2016. The agency expects that the remaining balance will be fully expended in FY23. Rather than capitalizing the AGDC-LNG fund, the agency states that a fund source change to general funds is needed to continue advancing the Alaska Liquefied Natural

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 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Alaska Gasline Development Corporation / Alaska Gasline Development Corporation	Support Ongoing Operations of the Alaska Gasline Development Corporation	Net Zero \$3,086.1 Gen Fund (UGF) (\$3,086.1) AGDC-LNG (Other)	(continued) Gasline (AKLNG) project. AGDC plans to transition the AKLNG project to a privately-led team, stating that doing so will reduce the State's risk exposure in the development of this megaproject. The corporation is currently engaging with liquefied natural gas buyers and investors, as well as engineering, procurement, and construction firms to determine the next major construction phase of front-end engineering and design, known as FEED. Fiscal Analyst Comment: The federal Consolidated Appropriations Act for 2023, which was signed by President Biden on December 29, 2022, includes \$4 million in funding to assist AGDC in conducting the pre-FEED activities. This federal funding would not be eligible to cover day-to-day operations for the agency.
7	Alaska Energy Authority / Alaska Energy Authority Rural Energy Assistance	Infrastructure Investment and Jobs Act (IIJA) Staff Support (FY24-FY27)	\$958.0 CIP Rcpts (Other) IncT	This increment will support five new positions in the Alaska Industrial Development and Export Authority (AIDEA) appropriation that are contracted to perform work for Alaska Energy Authority (AEA). In FY23, AEA received multiple capital appropriations to leverage federal IIJA funds. The added positions in AIDEA will be funded with I/A supported by this temporary increment. Items 7 and 11 are related.
8	Alaska Energy Authority / Alaska Energy Authority Rural Energy Assistance	HB 226 5% Cost of Living Allowance Adjustment	\$295.9 Gen Fund (UGF)	The Legislature enacted House Bill 226 (Ch. 50, SLA 2022) which provides a five percent Cost of Living Adjustment (COLA) increase for all exempt and partially exempt staff in all three branches of State government, effective in FY23. AEA was inadvertently omitted from the FY23 COLA calculations and requests this increment for parity in FY24.
9	Alaska Energy Authority / Alaska Energy Authority Power Cost Equalization	FY2024 Alaska Energy Authority Power Cost Equalization and Allocation	\$48,049.8 PCE Endow (DGF)	The amount of Power Cost Equalization (PCE) funding authorized for FY24 includes a \$15.7 million fiscal note estimate generated by SB 243 (Ch. 39, SLA 22) that represents the maximum paid to qualifying utilities. As of June 30, 2022, the PCE endowment fund balance was \$967.4 million.

Department of Commerce, Community and Economic Development
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(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Alaska Energy Authority / Alaska Energy Authority Power Cost Equalization	FY2024 Alaska Energy Authority Power Cost Equalization and Allocation	\$48,049.8 PCE Endow (DGF)	<p>(continued)</p> <p>The PCE program provides economic assistance to communities and residents in rural areas, where the cost of electricity can average three to five times higher than in urban areas of the state. The program was created to equalize power cost per kilowatt-hour (kWh) statewide, at a cost close to or equal to the mean of the cost per kWh in Anchorage, Fairbanks and Juneau.</p> <p>Program costs are impacted by the "PCE floor" calculated by the Regulatory Commission of Alaska (RCA). Per AS 42.45.100, the RCA determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. AEA determines eligibility for both community facilities and residential customers from monthly consumer data, and authorizes reimbursement to the electric utility for the PCE credits extended to customers.</p>
10	Alaska Energy Authority / Alaska Energy Authority Power Cost Equalization	Power Cost Equalization Technician Support and Administrative Cost Increases	\$233.9 PCE Endow (DGF)	<p>AEA requests PCE Fund authority to support a PCE Technician position and to pay for increased core services costs. The position will be budgeted in the AIDEA appropriation but is contracted to perform work for PCE.</p> <p>The PCE Technician will assist in providing training to rural communities throughout Alaska on how to apply for PCE credits and how the program works, as well as updating AEA's inventory of community facilities across the state.</p>
11	Alaska Industrial Development and Export Authority / Alaska Industrial Development and Export Authority	Infrastructure Investment and Jobs Act (IIJA) Staff for the Alaska Energy Authority (FY24-FY27)	\$676.6 I/A Repts (Other) 5 TMP Positions IncT	<p>This increment will support five positions that will be budgeted in the AIDEA appropriation but will be contracted to perform work for AEA projects. In FY23 budget, AEA received multiple capital appropriations related to federal funds made available through the IIJA legislation. These positions will be funded from the capital improvement project receipts increment in AEA and passed through to AIDEA as inter-agency receipts, via a reimbursable services agreement.</p> <p>The following positions are requested in the AIDEA appropriation, AIDEA allocation:</p>

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FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Alaska Industrial Development and Export Authority / Alaska Industrial Development and Export Authority	Infrastructure Investment and Jobs Act (IIJA) Staff for the Alaska Energy Authority (FY24-FY27)	\$676.6 I/A Rcpts (Other) 5 TMP Positions IncT	(continued) 1. Project Manager, range 24, Anchorage 2. Project Manager, range 24, Anchorage 3. Contracting Officer, range 20, Anchorage 4. Senior Accountant, range 18, Anchorage 5. Grant Coordinator, range 18, Anchorage Items 7 and 11 are related.

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: Corr**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Corrections									
Facility Capital Improvement	1,585.4	1,587.8	1,587.8	1,599.4	1,599.4	11.6	0.7 %		0.0
Administration and Support	10,325.3	10,442.1	10,442.1	10,836.9	10,836.9	394.8	3.8 %		0.0
Population Management	268,239.7	268,613.1	268,613.1	272,070.5	286,211.1	17,598.0	6.6 %	14,140.6	5.2 %
Community Residential Centers	17,987.4	17,987.4	17,987.4	17,987.4	17,987.4	0.0			0.0
Electronic Monitoring	2,281.7	2,288.1	2,288.1	2,322.9	2,322.9	34.8	1.5 %		0.0
Health and Rehab Services	91,421.3	91,742.3	91,742.3	92,602.5	85,683.5	-6,058.8	-6.6 %	-6,919.0	-7.5 %
Offender Habilitation	1,593.4	1,593.4	1,593.4	1,600.8	1,600.8	7.4	0.5 %		0.0
Recidivism Reduction Grants	1,502.6	1,505.6	1,505.6	1,506.3	1,506.3	0.7			0.0
24 Hr. Institutional Utilities	11,662.6	11,662.6	11,662.6	11,662.6	11,662.6	0.0			0.0
Agency Unallocated	873.6	0.0	0.0	0.0	0.0	0.0			0.0
Agency Total	407,473.0	407,422.4	407,422.4	412,189.3	419,410.9	11,988.5	2.9 %	7,221.6	1.8 %
Statewide Total	407,473.0	407,422.4	407,422.4	412,189.3	419,410.9	11,988.5	2.9 %	7,221.6	1.8 %
Funding Summary									
Unrestricted General (UGF)	367,139.6	367,043.9	367,043.9	371,131.8	365,322.2	-1,721.7	-0.5 %	-5,809.6	-1.6 %
Designated General (DGF)	14,316.1	14,318.9	14,318.9	14,355.5	14,355.5	36.6	0.3 %		0.0
Other State Funds (Other)	8,984.1	9,026.4	9,026.4	9,437.4	22,343.6	13,317.2	147.5 %	12,906.2	136.8 %
Federal Receipts (Fed)	17,033.2	17,033.2	17,033.2	17,264.6	17,389.6	356.4	2.1 %	125.0	0.7 %

Department of Corrections
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Population Management / Anchorage Correctional Complex	Replace UGF with Restorative Justice Funds Due to Increased Statutory Distribution	Net Zero (\$5,809.6) Gen Fund (UGF) \$5,809.6 Rest Just (Other)	<p>The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.</p> <p>The calculation outlined under Alaska Statute (AS) 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those forfeited funds are available in the subsequent budget cycle for appropriation to eligible agencies.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order:</p> <p>10%-13%: (Fund Cap) Crime Victims Compensation Fund - FY24 Gov is 13%</p> <p>2%-6%: (Leg) Office of Victims' Rights - FY24 Gov is 4%</p> <p>1%-3%: (DPS) Nonprofits for services for crime victims and domestic violence and sexual assault programs - FY24 Gov is 2%</p> <p>1%-3%: (DOH) Nonprofits for mental health services and substance abuse treatment for offenders - FY24 Gov is 2%</p> <p>79%-88%: (DOC) Costs related to incarceration or probation - FY24 Gov is 79%</p> <p>Items 1 and 2 are related.</p>
2	Population Management / Various	Increase Restorative Justice Account Funding	\$6,640.6 Rest Just (Other)	This transaction increases various allocations using Restorative Justice Account funding. The agency reports that reentry costs continue to increase and are associated with employee overtime, temporary assignments, moving and relocation costs, and the increased costs of supplies (including food, clothing, bedding, security, uniforms, and other related costs).

Department of Corrections
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Population Management / Various	Increase Restorative Justice Account Funding	\$6,640.6 Rest Just (Other)	<p>(continued)</p> <p>The agency reports a 10%-15% increase in costs across the board due to inflation and the impact of the pandemic on recruitment and retention of qualified staff.</p> <p>Increments are requested for specific institutions:</p> <p>Anchorage CC: \$1,594.8 Anvil Mountain CC: \$357.6 Combined Hiland Mt CC: \$221.9 Fairbanks CC: \$365.7 Goose Creek CC: \$1,471.0 Ketchikan CC: \$217.4 Lemon Creek CC: \$1,205.4 Mat-Su CC: \$52.4 Palmer CC: \$217.7 Spring Creek CC: \$372.1 Wildwood CC: \$211.3 Yukon-Kuskokwim CC: \$168.6 Point MacKenzie: \$184.7</p> <p>Fiscal Analyst Comment: As the availability of Restorative Justice Account funding changes from year to year, these increases may need to be supplanted with general funds in subsequent years.</p> <p>Items 1 and 2 are related.</p>
3	Population Management / Various	Increase General Fund Authorization for Various Institutions	\$7,500.0 Gen Fund (UGF)	<p>The agency indicates that their current level of funding is insufficient to meet the needs of ongoing operational costs and to maintain safe institutional operations. Institutional costs continue to increase for all cost centers including fuel, utilities, transportation, food, and security. Challenges in recruiting qualified personnel and the increase in food costs necessitated an emergency food services contract that included personnel, food stocks, and security for the kitchens and dining areas.</p> <p>Increments are requested for specific institutions:</p> <p>Anchorage CC: \$1,000.3 Anvil Mountain CC: \$591.2 Combined Hiland Mt CC: \$410.2</p>

Department of Corrections
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Population Management / Various	Increase General Fund Authorization for Various Institutions	\$7,500.0 Gen Fund (UGF)	(continued) Fairbanks CC: \$558.8 Goose Creek CC: \$2,548.9 Ketchikan CC: \$188.3 Lemon Creek CC: \$244.5 Mat-Su CC: \$268.5 Palmer CC: \$32.1 Spring Creek CC: \$80.5 Wildwood CC: \$833.3 Yukon-Kuskokwim CC: \$214.9 Point MacKenzie: \$528.5
4	Health and Rehabilitation Services / Physical Health Care	Decrease Funding for Physical Health Care Due to Projected Cost Reduction Implementation	(\$7,500.0) Gen Fund (UGF)	The agency states that cost reduction efforts in the Physical Health Care component have been ongoing for many years. Cost containment and reduction efforts have included the implementation of the Dialysis Center at the Goose Creek Correctional Center, participation in the federal 340B Drug Pricing Program, and Hepatitis C treatment cost reduction. The agency has indicated that remaining funding for Physical Health Care is sufficient for FY24. Fiscal Analyst Comment: The FY22 management plan included \$4,729.3 of excess UGF funding (\$3,663.0 of which was reduced in a supplemental appropriation, while an additional \$1,066.3 lapsed).

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: Educ**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov		[5] - [4] Adj Base to 24Gov	
Education & Early Dev									
K-12 Aid to School Districts	1,324,580.8	1,324,580.8	1,324,580.8	1,267,580.8	1,266,841.6	-57,739.2	-4.4 %	-739.2	-0.1 %
K-12 Support	17,974.2	15,840.2	15,840.2	13,706.3	13,746.6	-2,093.6	-13.2 %	40.3	0.3 %
Education Support and Admin	253,757.5	565,292.9	565,292.9	255,284.8	263,088.2	-302,204.7	-53.5 %	7,803.4	3.1 %
AK State Council on the Arts	3,877.7	4,325.0	4,325.0	3,914.4	3,939.4	-385.6	-8.9 %	25.0	0.6 %
Commissions and Boards	258.3	266.4	266.4	268.0	268.0	1.6	0.6 %	0.0	
Mt. Edgecumbe High School	14,702.2	18,289.4	18,289.4	14,865.2	15,365.2	-2,924.2	-16.0 %	500.0	3.4 %
State Facilities Rent	1,068.2	1,068.2	1,068.2	1,068.2	1,068.2	0.0		0.0	
Libraries, Archives & Museums	18,089.3	18,199.7	18,199.7	18,259.6	18,259.6	59.9	0.3 %	0.0	
Alaska Postsecondary Education	15,302.5	16,656.8	16,656.8	14,072.0	15,924.5	-732.3	-4.4 %	1,852.5	13.2 %
AK Student Loan Corporation	9,794.5	9,800.2	9,800.2	9,800.2	9,800.2	0.0		0.0	
Student Financial Aid Programs	17,591.8	17,591.8	17,591.8	17,591.8	17,591.8	0.0		0.0	
Agency Unallocated	362.5	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	1,677,359.5	1,991,911.4	1,991,911.4	1,616,411.3	1,625,893.3	-366,018.1	-18.4 %	9,482.0	0.6 %
Statewide Total	1,677,359.5	1,991,911.4	1,991,911.4	1,616,411.3	1,625,893.3	-366,018.1	-18.4 %	9,482.0	0.6 %
Funding Summary									
Unrestricted General (UGF)	1,361,593.0	1,361,507.5	1,361,507.5	1,299,900.5	1,283,064.5	-78,443.0	-5.8 %	-16,836.0	-1.3 %
Designated General (DGF)	2,757.0	2,764.9	2,764.9	2,787.3	25,935.3	23,170.4	838.0 %	23,148.0	830.5 %
Other State Funds (Other)	65,457.1	65,763.9	65,763.9	66,005.4	69,128.4	3,364.5	5.1 %	3,123.0	4.7 %
Federal Receipts (Fed)	247,552.4	561,875.1	561,875.1	247,718.1	247,765.1	-314,110.0	-55.9 %	47.0	

Department of Education and Early Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	K-12 Aid to School Districts / Foundation Program	FY2024 Estimated Foundation Expenditures	Total: \$1,193,823.3 \$1,140,791.6 Gen Fund (UGF) \$20,791.0 Impact Aid (Fed) \$32,240.7 Pub School (Other)	<p>AS 14.17.300(b) allows for funds to be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in the Foundation Program, a miscellaneous adjustment is used to track anticipated spending. The FY24 Foundation Program estimate includes a base student allocation of \$5,960, an increase of \$30 from FY23.</p> <p>Fiscal Analyst Comment: The FY23 and FY24 amounts in the Governor's budget are based on draft student counts and are estimates which will change when the student counts are finalized. The public school foundation program is fully funded in both FY23 and FY24. The student count period is a twenty school day period ending the fourth Friday in October. The FY23 student counts are scheduled to be finalized by mid-January, 2023. By statute, payments to school districts for the first nine months of a fiscal year are based on the prior fiscal year foundation formula; the final three months of payments are re-calculated and payments are based on the final student counts for the current fiscal year. The FY24 Foundation Formula projection, based on projections by school districts, is \$1.5 million less than FY23 projected expenditures.</p> <p>The FY23 budget included \$57 million in one-time additional foundation funding. The Governor's FY24 proposal does not propose any funding beyond the foundation formula.</p>
2	K-12 Aid to School Districts / Pupil Transportation	FY2024 Pupil Transportation Expenditures from Public Education Fund	\$72,568.3 Gen Fund (UGF)	<p>AS 14.17.300(b) allows for funds to be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in Pupil Transportation, a miscellaneous adjustment is used to track estimated appropriations. The anticipated need is based on projected Average Daily Membership (ADM), excluding Mt. Edgecumbe High School.</p> <p>Like the Foundation Program, expenditures will be based on the actual student count finalized in FY24. Correspondence students are not counted when calculating student numbers for Pupil Transportation grants.</p>

Department of Education and Early Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	K-12 Support / Residential Schools Program	Reverse Increase Funding to Residential Schools Same Ratio Under AS 17.16.200	(\$2,133.9) Gen Fund (UGF)	The legislature added \$4,267.9 in FY23 to expand reimbursement to school districts under the Secondary Boarding Home Stipend Program and the Residential Schools Program. Reimbursements to school districts include costs incurred for one round trip ticket between each student's community of residence and the school, and a per-pupil monthly stipend to cover room and board expenses. The Governor vetoed \$2,134.0 in FY23, half of the legislature's addition. The Governor eliminated the remaining funding in his FY24 budget proposal.
4	Education Support and Admin Services / Student and School Achievement	Consolidate State System of Support into Student and School Achievement Allocation	n/a	<p>The State System of Support allocation was created in response to the Moore v. State of Alaska lawsuit. The plaintiffs asserted that the State was providing inadequate education. The parties agreed upon a settlement in 2012, which required the State to fund certain educational programs. The new State System of Support allocation was created to track expenditures related to the settlement. The terms of the settlement were met by the end of FY17.</p> <p>The Department maintains that, since there is significant overlap between the State System of Support and Student and School Achievement allocations, merging the allocations will reduce administrative burden and transfers between allocations.</p>
5	Education Support and Admin Services / Student and School Achievement	Increase Funding in Accordance with FY24 Fiscal Note Projection for HB114	\$3,360.7 Gen Fund (UGF)	<p>This increment accounts for the following FY24 costs identified in the fiscal note for HB 114, also known as the Alaska Reads Act (Ch. 11, SLA 2022):</p> <ol style="list-style-type: none"> 1. \$2,033.4 for costs that were funded with federal receipts in FY23, which would now be funded with UGF. 2. \$500.0 to develop a literacy screening instrument specifically tailored to immersion and bilingual programs. 3. \$127.5 for purchase of reading intervention-related textbooks and materials for school districts. 4. \$381.8 for two Education Specialist 2 positions and one Reading Specialist position and associated department chargebacks. 5. \$385.0 to convene a panel annually to evaluate program effectiveness.

Department of Education and Early Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Education Support and Admin Services / Student and School Achievement	Increase Funding in Accordance with FY24 Fiscal Note Projection for HB114	\$3,360.7 Gen Fund (UGF)	(continued) 6. (\$67.0) for removal of FY23 one-time supplies and legal services items.
6	Education Support and Admin Services / Student and School Achievement	Student Information System and Predictive Data Dashboard	\$900.0 Gen Fund (UGF)	<p>This increment would provide continuing funding for two data projects:</p> <p>1. \$340.0 for adding data collected from new programs established under HB 114 to the Student Information System (SIS), allowing the public to access student achievement data.</p> <p>2. \$560.0 for a new predictive data dashboard. This would allow analysis of student progress with greater detail, for instance, viewing historical assessment scores by demographic for schools under a given student count.</p> <p>DEED has set aside \$2 million of federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) funds for the initial upgrade and establishment of the two systems. The Department does not want to commit to the initial funding for these projects until the increment for continuing funding has been appropriated. CRRSA funds expire on 9/23/2024, so the Department plans on having a request for proposals ready for when the continuing funding is approved by the legislature.</p>
7	Education Support and Admin Services / Student and School Achievement	Alaska Native Science and Engineering Program Partnership	\$1,000.0 Gen Fund (UGF)	<p>This increment provides grant funding to the Alaska Native Science and Engineering Program (ANSEP) Acceleration Academy. The Acceleration Academy allows Alaska high school students to earn up to three years of college credits by high school graduation. All Alaska students are eligible to apply, and the program is free for all accepted students.</p> <p>Fiscal Analyst Comment: The legislature eliminated ANSEP funding from the DEED budget in FY17. More recently, DEED provided ANSEP with \$9.5 million of COVID federal grant funds for the Acceleration Academy.</p>

Department of Education and Early Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Education Support and Admin Services / Pre-Kindergarten Grants	Increase Authority Corresponding with HB 114 Fiscal Note FY24 Projection	\$2,999.9 Gen Fund (UGF)	HB 114 implemented a grant program for early education effective July 1, 2023. Grants are made to school districts for a three-year period. After the three year period, and if district programs meet certain conditions, the programs are eligible for 1/2 of average daily membership funding under the K-12 foundation formula. Under AS 14.03.410, early education grant funding awarded to districts may not exceed \$3 million in a fiscal year. Since this program did not become effective until FY24, funding was not included in the first year of the fiscal note.
9	Various	Replace UGF with Higher Education Investment Fund Authority	Net Zero (\$21,402.8) Gen Fund (UGF) \$21,402.8 High Ed (DGF)	\$394.6 million was swept from the Higher Education Investment Fund (HEIF) to the Constitutional Budget Reserve (CBR) on June 30, 2021. HB 322, effective June 30, 2022, made the HEIF no longer subject to the annual CBR sweep. HB 281 included a \$342.5 million FY22 supplemental transfer to the Higher Education Investment Fund. This fund change restores use of HEIF authority in the Department's budget. Items 9 and 10 are related.
10	Alaska Commission on Postsecondary Education / WWAMI Medical Education	Continue Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) Medical Education Program Expansion	\$1,647.5 High Ed (DGF)	The Governor's FY23 budget proposal included a \$1,647.5 unrestricted general funds base increment to expand new WWAMI classes from 20 to 30 students. The legislature instead funded the item as an FY23-FY24 multi-year appropriation. The Governor's FY24 proposal includes a \$1,647.5 base increment, since the Alaska Commission on Postsecondary Education and the University of Alaska maintain that the class size increase is only possible if total annual operating costs are added to the base budget. The University of Alaska states that the first class of additional WWAMI students can begin schooling in July 2024 (FY25), and that the expansion can only occur if funding is added to the base budget and two associated budget items are approved: 1. A \$2,000.0 capital request for University of Alaska Anchorage to construct new classroom and lab space to accommodate the additional students. 2. A \$582.0 University of Alaska operating increment for administrative costs. \$48.0 of the increment is UGF, with the remaining amount being University Receipts.

Department of Education and Early Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
10	Alaska Commission on Postsecondary Education / WWAMI Medical Education	Continue Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) Medical Education Program Expansion	\$1,647.5 High Ed (DGF)	(continued) Fiscal Analyst Comment: At the time of publication, the Department has not spent any funds from the \$1,647.5 multi-year appropriation. The Governor intends for the base increment to replace last year's multi-year item. The legislature may want to eliminate the multi-year as a negative supplemental, since the funding may not be needed. HB 322, which made the HEIF no longer subject to the annual CBR sweep, also added WWAMI as a designated use of the HEIF. Items 9 and 10 are related.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Allocation Summary - Governor Structure**

**Numbers and Language
Agencies: DEC**

Allocation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Environmental Conservation									
Administration									
Office of the Commissioner	1,680.4	1,725.4	1,859.4	1,884.9	1,884.9	25.5	1.4 %	0.0	
Administrative Services	5,458.2	5,474.1	5,340.1	5,631.2	5,631.2	291.1	5.5 %	0.0	
State Support Services	2,831.4	2,832.1	2,832.1	2,832.1	2,832.1	0.0		0.0	
Appropriation Total	9,970.0	10,031.6	10,031.6	10,348.2	10,348.2	316.6	3.2 %	0.0	
DEC Bldgs Maint & Operations									
DEC Bldgs Maint & Operations	787.9	789.0	789.0	796.3	796.3	7.3	0.9 %	0.0	
Appropriation Total	787.9	789.0	789.0	796.3	796.3	7.3	0.9 %	0.0	
Environmental Health									
Environmental Health	27,197.4	27,275.8	27,275.8	27,652.4	28,048.5	772.7	2.8 %	396.1	1.4 %
Appropriation Total	27,197.4	27,275.8	27,275.8	27,652.4	28,048.5	772.7	2.8 %	396.1	1.4 %
Air Quality									
Air Quality	11,395.1	11,441.9	11,441.9	11,619.2	13,183.9	1,742.0	15.2 %	1,564.7	13.5 %
Appropriation Total	11,395.1	11,441.9	11,441.9	11,619.2	13,183.9	1,742.0	15.2 %	1,564.7	13.5 %
Spill Prevention and Response									
Spill Prevention and Response	20,960.3	21,034.7	21,034.7	21,368.3	21,368.3	333.6	1.6 %	0.0	
Appropriation Total	20,960.3	21,034.7	21,034.7	21,368.3	21,368.3	333.6	1.6 %	0.0	
Water									
Water Quality Infrastructure	31,406.5	31,501.9	31,501.9	30,850.1	30,850.1	-651.8	-2.1 %	0.0	
Appropriation Total	31,406.5	31,501.9	31,501.9	30,850.1	30,850.1	-651.8	-2.1 %	0.0	
Agency Unallocated									
Unallocated Rates Adjustment	280.8	0.0	0.0	0.0	0.0	0.0		0.0	
Appropriation Total	280.8	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	101,998.0	102,074.9	102,074.9	102,634.5	104,595.3	2,520.4	2.5 %	1,960.8	1.9 %
Statewide Total	101,998.0	102,074.9	102,074.9	102,634.5	104,595.3	2,520.4	2.5 %	1,960.8	1.9 %
Funding Summary									
Unrestricted General (UGF)	20,679.2	20,711.5	20,711.5	20,008.6	21,501.0	789.5	3.8 %	1,492.4	7.5 %
Designated General (DGF)	21,573.9	21,582.6	21,582.6	21,973.6	22,223.6	641.0	3.0 %	250.0	1.1 %
Other State Funds (Other)	20,245.3	20,248.4	20,248.4	20,726.4	20,632.5	384.1	1.9 %	-93.9	-0.5 %
Federal Receipts (Fed)	39,499.6	39,532.4	39,532.4	39,925.9	40,238.2	705.8	1.8 %	312.3	0.8 %

Department of Environmental Conservation
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Environmental Health / Environmental Health	Expanded Permitting and Testing in Drinking Water and Environmental Health Lab	\$250.0 GF/Prgm (DGF)	Due to the increase in federally-funded infrastructure, research, and economic development projects throughout the state, the Division of Environmental Health anticipates a significant increase in workload and associated permitting and testing fees to support multiple regulatory programs, including the Drinking Water Program and Environmental Health Laboratory.
2	Air Quality / Air Quality	Federally Required Air Quality State Improvement Plan Development and Regulatory Required Monitoring	\$1,207.8 Gen Fund (UGF) 8 PFT Positions	<p>The Department is requesting additional resources to develop State Implementation Plans (SIPs) which will allow the community-based plan to resolve dangerous air pollution levels in the Fairbanks North Star Borough (FNSB) in time to resolve the issue without Federal government intervention. To effectively defend the SIPs, additional resources will be necessary to show how air pollution monitored inside the non-attainment or planning area is impacted by transport from outside or international sources; this requires additional resources in modeling, analysis, and legal defense to make certain weight of evidence arguments.</p> <p>The Department anticipates three concurrent SIPs due by 2026. The SIP development timeline is approximately two years due to data collection, data analysis, modeling requirements, public outreach, and public comment periods. The SIPs are not static, one-time plans, and are ongoing projects requiring actions that span over decades. Once an area goes into what's classified as "non-attainment," the Department estimates a minimum of 30 years to implement the plan, including maintenance and monitoring. In addition to the execution of the plan, there will be required amendments, clarifications, and litigation that accompany the SIP submittal.</p> <p>Fiscal Analyst Comment: Failure to submit SIPs to the Environmental Protection Agency, or submitting an inadequate SIP will ultimately result in sanctions, which includes the loss of federal highway funds and a 2-to-1 permitting offset in the non-attainment area. Failure to maintain a federally-required monitoring program could result in loss of primacy of air programs, giving the EPA air quality permitting authority within the state.</p>

Department of Environmental Conservation
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Air Quality / Air Quality	Air Monitoring and Quality Assurance Program Rural Community Monitoring Network	\$356.9 Gen Fund (UGF) 2 PFT Positions	<p>The Department of Environmental Conservation Air Quality Program (DEC AQ) is responsible for statewide ambient air quality monitoring to ensure that air meets national public health and welfare standards as part of the State's Primacy in Air Quality under the Clean Air Act of 1970.</p> <p>DEC AQ has started to expand a community monitoring network using low-cost sensor technology. The Department believes that this additional resource will allow for better responsiveness into monitoring and mitigating potential harmful impacts from wildfire smoke. The new technology requires much less staff time for set-up and maintenance. The Department anticipates that expanding the non-regulatory monitoring network by 30 stations increases the available data by three orders of magnitude.</p>
4	Water / Water Quality, Infrastructure Support & Financing	Reverse CC: 404 Primacy Study	(\$1,000.0) Gen Fund (UGF)	<p>This is the removal of one-time funding to complete a feasibility study on the assumption of primacy of section 404 of the Clean Water Act, due in February 2023. The Department is also proposing the deletion of a position associated with the study once it is completed. The Governor's proposed FY23 budget included the assumption of 404 primacy for a cost of \$4.9 million and the creation of 28 new Permanent Full-time positions. The legislature instead opted for this one-time funding for a feasibility study.</p> <p>Fiscal Analyst Comment: The Governor may put forward another request in his amended budget for primacy funding based on the results of the feasibility study.</p>

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: DFCS**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov		[5] - [4] Adj Base to 24Gov	
Family and Community Services									
Alaska Pioneer Homes	104,772.8	104,944.4	104,944.4	106,020.0	107,270.0	2,325.6	2.2 %	1,250.0	1.2 %
Inpatient Mental Health	71,768.8	72,856.9	72,856.9	73,501.5	75,205.5	2,348.6	3.2 %	1,704.0	2.3 %
Children's Services	193,209.3	194,584.4	194,584.4	194,747.1	195,132.1	547.7	0.3 %	385.0	0.2 %
Juvenile Justice	61,277.6	60,950.5	60,950.5	62,084.1	62,084.1	1,133.6	1.9 %	0.0	
Departmental Support Services	16,036.0	16,825.5	16,825.5	17,470.8	17,944.8	1,119.3	6.7 %	474.0	2.7 %
Agency Unallocated	875.9	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	447,940.4	450,161.7	450,161.7	453,823.5	457,636.5	7,474.8	1.7 %	3,813.0	0.8 %
Statewide Total	447,940.4	450,161.7	450,161.7	453,823.5	457,636.5	7,474.8	1.7 %	3,813.0	0.8 %
Funding Summary									
Unrestricted General (UGF)	241,530.7	242,030.0	242,030.0	244,598.0	246,207.8	4,177.8	1.7 %	1,609.8	0.7 %
Designated General (DGF)	25,785.8	25,814.5	25,814.5	26,280.2	27,530.2	1,715.7	6.6 %	1,250.0	4.8 %
Other State Funds (Other)	98,944.4	99,243.6	99,243.6	100,541.7	101,406.7	2,163.1	2.2 %	865.0	0.9 %
Federal Receipts (Fed)	81,679.5	83,073.6	83,073.6	82,403.6	82,491.8	-581.8	-0.7 %	88.2	0.1 %

Department of Family and Community Services
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Pioneer Homes / Pioneer Homes	Add General Fund Program Receipt Authority to Support Increase in Pioneer Home Residents	\$1,250.0 GF/Prgm (DGF)	The Department states that several of the Alaska Pioneer Homes have maintained a steady 95% capacity rate, while other Pioneer Homes expect to achieve that same census in the near future. The consistency in this high utilization translates to a higher collection of general fund program receipts. The Department indicated that with this consistently high census there is a subsequent need to increase the expenditure of those receipts to provide necessary goods (linens, kitchenware, beds, etc.) for the elders occupying the Pioneer Homes.
2	Inpatient Mental Health / Designated Evaluation and Treatment	Second Year of Mental Health Facilities & Meds (Ch41 SLA22 (HB172))	Total: \$904.0 \$150.0 I/A Rcpts (Other) \$754.0 GF/MH (UGF)	House Bill 172 (Ch. 41, SLA 2022) expanded capacity for psychiatric evaluation, stabilization, and treatment by allowing a new category of facility to seek designation from the Department to provide involuntary commitment services, similar to current Designated Evaluation and Stabilization (DES) and Designated Evaluation and Treatment (DET) centers. Previously, State regulatory guidance only allowed hospitals to be designated as DET/DES facilities. HB 172 authorized these services to be implemented at non-hospital facilities that had received designation from the Department, in advance of regulatory changes to be adopted by the Department by July 1, 2024. The purpose of this increment is to compensate designated providers when there is no other payor or fund source that is sufficient to pay for DES and DET services in certain facilities. Under current regulations, only hospitals can qualify for federal Disproportionate Share Hospital (DSH) funding. The facility types contemplated in HB 172, including those operated by tribal entities, are not currently eligible for federal DSH funding but may be in the future. This increment represents year two of projected out-year costs in the Department's original fiscal note associated with the enacted legislation.
3	Inpatient Mental Health / Alaska Psychiatric Institute	Establish Competency Restoration and Jail-Based Restoration Pilot Programs	\$800.0 GF/MH (UGF) 4 PFT Positions 1 PPT Position	The Alaska Psychiatric Institute (API) is an 80-bed hospital: 60 are for adult civil commitments, 10 are for youth civil commitments, and 10 are designated for forensic commitments (individuals who have been charged with or convicted of criminal behavior). These

Department of Family and Community Services
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Inpatient Mental Health / Alaska Psychiatric Institute	Establish Competency Restoration and Jail-Based Restoration Pilot Programs	\$800.0 GF/MH (UGF) 4 PFT Positions 1 PPT Position	<p>(continued)</p> <p>10 forensic beds are known as the Taku Unit and constitute the only competency restoration program in the state. The average wait time for admission to the Taku Unit is 32 days.</p> <p>This increment is aimed at reducing the wait time, expanding available services for forensic patients, and creating two new pilot programs to better distinguish between patients in need of competency restoration services who have been charged with criminal behavior due to their mental illness and those who have been convicted of criminal behavior. This increment includes the addition of five new positions to oversee the programs and participate in competency determinations.</p> <p>Outpatient Restoration Program: A 10-person pilot program that will work closely with the Anchorage Mental Health Court. Admission will be limited based on initial competency screening to those bail-eligible defendants charged with misdemeanors and working up to those with class C felonies who are medication compliant.</p> <p>Jail-Based Restoration Program: In collaboration with the Department of Corrections, API is designing a jail-based program to support court-ordered evaluations of competency in those convicted of criminal behavior and who are suffering from mental illness. API is reviewing successful implementations of similar programs in other states as part of this design phase.</p> <p>The following new positions are being requested in the Alaska Psychiatric Institute:</p> <ol style="list-style-type: none"> 1. Forensic Psychologist (PFT), range 26, located in Anchorage - this will be the Program Director 2. Mental Health Clinician 3 (PFT), range 21, located in Anchorage 3. Mental Health Clinician 3 (PFT), range 21, located in Anchorage 4. Psychiatric Nursing Assistant (PFT), range 12,

Department of Family and Community Services
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Inpatient Mental Health / Alaska Psychiatric Institute	Establish Competency Restoration and Jail-Based Restoration Pilot Programs	\$800.0 GF/MH (UGF) 4 PFT Positions 1 PPT Position	(continued) located in Anchorage 5. Forensic Psychiatrist (PPT), range 28, located in Anchorage
4	Children's Services / Children's Services Management	MH Trust: Add Transition Coordinator and Grant Funding to Support Aged Foster Youth Transitioning to Adult Services	Total: \$385.0 \$150.0 GF/MH (UGF) \$235.0 MHTAAR (Other)	<p>The Mental Health Trust Authority (MHTA, or Trust) recommendations included a new set of temporary increments for FY24-FY27 aimed at assisting aged foster youth out of the foster system and into adult services. The Trust recommends a new, permanent position to be created in the Office of Children's Services (OCS) that would function as a transition coordinator for foster youth, who will be responsible for liaising with other State agencies to ensure the smooth transition of foster youth into adult services. Additionally, increased funds would be made available as grants through the existing independent living programs for aged foster youth in OCS. The purpose of these grant funds would be to ensure a basic safety net is available for a limited time to youth who have reached the age of 21 and are working toward establishing their independent living situation.</p> <p>The MHTA-recommended increments in the Children's Services Management allocation are as follows:</p> <ol style="list-style-type: none"> 1. Flex Funds for Transition-Aged Foster Youth \$100.0 MHTAAR (Other) \$150.0 GF/MH (UGF) 2. Foster Care Youth Transition Coordinator \$135.0 MHTAAR (Other) <p>Fiscal Analyst Comment: There is not a new position included in the request to add funding for a Foster Care Youth Transition Coordinator, nor is there a corresponding position adjustment to add a new position for this purpose. There may already be a position available for this purpose.</p>

Department of Family and Community Services
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Children's Services / Front Line Social Workers	Replace General Fund with General Fund Match	Net Zero \$40,000.0 GF/Match (UGF) (\$40,000.0) Gen Fund (UGF)	This fund source change replaces general funds with general fund match, which is a specific fund code used to track State general funds that are used to pay the State's portion of costs associated with federal programs. The Department states that a review was completed to determine the amount of unrestricted general funds that were being used to match federal dollars and that the purpose of this fund change is to more accurately reflect the State's maintenance of effort for programs and services that are also supported with federal revenue.
6	Departmental Support Services / Commissioner's Office	Establish Complex Placement and Coordination Unit	Total: \$324.0 \$88.2 Fed Rcpts (Fed) \$205.8 GF/Match (UGF) \$30.0 I/A Rcpts (Other) 3 PFT Positions	<p>The Department will establish the Complex Placement and Coordination Unit (CPC) to meet the growing need for individuals with complex needs that cannot be met by the providers in Alaska, or with conditions or circumstances that need to be dealt with in an immediate timeframe.</p> <p>This designated unit would provide increased coordination of effort to navigate a network of placement options both inside and outside the provider networks of the state. This unit will become the single point of contact for the Department and its partners to coordinate complex placement activities for all of the Department's divisions.</p> <p>In addition to the centralization of coordinated placement efforts, the CPC will build business contacts with facilities nationwide to improve placement needs as they arise if options within Alaska are not available. The unit will work with facilities to become Medicaid or third-party-payor eligible, and will also be responsible for overseeing long-term facility development to meet the gap that currently exists between in-state need and in-state service delivery options.</p> <p>This increment includes three new positions. The Department states that the required staff must be individuals with medical backgrounds who can understand and address individuals who possess complex medical, developmental, and behavioral health needs. The following new positions are requested in the Commissioner's Office:</p>

Department of Family and Community Services
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Departmental Support Services / Commissioner's Office	Establish Complex Placement and Coordination Unit	Total: \$324.0 \$88.2 Fed Rcpts (Fed) \$205.8 GF/Match (UGF) \$30.0 I/A Rcpts (Other) 3 PFT Positions	(continued) 1. Deputy Director, range 25, located in Juneau 2. Project Coordinator, range 22, located in Juneau 3. Social Services Associate, range 12, located in Juneau

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: F&G**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov		[5] - [4] Adj Base to 24Gov	
Fish and Game									
Commercial Fisheries	82,031.9	82,313.9	82,313.9	82,675.6	83,910.6	1,596.7	1.9 %	1,235.0	1.5 %
Sport Fisheries	43,629.9	43,696.2	43,696.2	44,214.5	44,214.5	518.3	1.2 %	0.0	
Anchorage/Fairbanks Hatcheries	6,019.0	6,019.0	6,019.0	6,081.5	6,028.1	9.1	0.2 %	-53.4	-0.9 %
Southeast Hatcheries	846.1	846.1	846.1	846.1	846.1	0.0		0.0	
Wildlife Conservation	63,617.4	63,675.4	63,675.4	59,420.1	67,955.7	4,280.3	6.7 %	8,535.6	14.4 %
Statewide Support Services	24,790.7	25,391.7	25,391.7	25,746.9	25,821.9	430.2	1.7 %	75.0	0.3 %
Habitat	5,682.8	5,697.4	5,697.4	5,800.0	5,850.0	152.6	2.7 %	50.0	0.9 %
Subsistence Research/Monitoring	6,069.1	6,075.2	6,075.2	6,173.6	6,173.6	98.4	1.6 %	0.0	
Agency Unallocated	812.2	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	233,499.1	233,714.9	233,714.9	230,958.3	240,800.5	7,085.6	3.0 %	9,842.2	4.3 %
Statewide Total	233,499.1	233,714.9	233,714.9	230,958.3	240,800.5	7,085.6	3.0 %	9,842.2	4.3 %
Funding Summary									
Unrestricted General (UGF)	61,397.8	61,425.5	61,425.5	61,629.7	65,092.5	3,667.0	6.0 %	3,462.8	5.6 %
Designated General (DGF)	13,802.1	13,927.9	13,927.9	14,058.0	13,257.2	-670.7	-4.8 %	-800.8	-5.7 %
Other State Funds (Other)	70,599.5	70,661.8	70,661.8	66,649.7	73,873.4	3,211.6	4.5 %	7,223.7	10.8 %
Federal Receipts (Fed)	87,699.7	87,699.7	87,699.7	88,620.9	88,577.4	877.7	1.0 %	-43.5	

Department of Fish and Game
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Commercial Fisheries / Central Region Fisheries Management	Maintain UGF Support for Bristol Bay Science and Research Institute Watershed Projects	\$800.0 Gen Fund (UGF)	In FY18, the Bristol Bay Science and Research Institute and other industry participants established the Bristol Bay Fisheries Collective and partnered with Fish and Game to establish a Memorandum of Agreement to fund certain priority projects that had been subject to UGF reductions. The legislature provided \$800.0 of Statutory Designated Program Receipt (SDPR) authority by which industry could support these projects and surveys to ensure ongoing access to key fisheries. In FY22, the legislature restored UGF funding through FY23, and the Governor's FY24 proposal maintains this UGF in the base.
2	Commercial Fisheries / AYK Region Fisheries Management	Restore Assessment and Management Projects that were Eliminated in Prior Year Budget Reductions	\$285.0 Gen Fund (UGF)	Beginning in FY15, the Commercial Fisheries Division has seen a series of UGF reductions that resulted in the discontinuation of certain projects and assessments. A lack of continuity in this data leaves the Division with increasingly less accurate information for the management of certain species and fisheries. This increment will restore funding for the following projects: 1. Norton Sound crab monitoring and research - \$120.0 2. Yukon River sonar extensions - \$85.0 3. Norton Sound Red King Crab survey - \$80.0
3	Commercial Fisheries / Westward Region Fisheries Management	Alleviate Shortfall in Bering Sea/Aleutian Islands Crab Test Fishery Receipts	Net Zero \$1,000.0 Gen Fund (UGF) (\$1,000.0) Test Fish (DGF)	UGF reductions to the Commercial Fisheries Division have resulted in an increased reliance on other fund sources, including Test Fishery receipts. The FY23 budget requires the Division to derive up to 15% of its funding through test fish cost recovery activities. In light of fishery closures and species abundance concerns, this fund change restores UGF to offset what is effectively hollow authority for Test Fishery receipts. The agency reports that Bristol Bay Red King Crab (BBRKC) abundance has been in decline and the fishery closed in 2021 due to conservation concerns. The fishery will remain closed for 2022. Closure of the BBRKC fishery does not preclude the annual test fish cost recovery; however it is foreseeable that test fishery removals will no longer be practical at current

Department of Fish and Game
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 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Commercial Fisheries / Westward Region Fisheries Management	Alleviate Shortfall in Bering Sea/Aleutian Islands Crab Test Fishery Receipts	Net Zero \$1,000.0 Gen Fund (UGF) (\$1,000.0) Test Fish (DGF)	(continued) levels as the stock continues to decline. Shifting test fish cost recovery to Bering Sea snow crab is also not viable. The snow crab stock unexpectedly collapsed in 2020 and is now considered overfished and may close to commercial fishing under a developing federal rebuilding plan. Beginning in FY24, Bering Sea/ Aleutian Island test fish options will be limited, and the target revenue goal will need to be substantially lowered to accommodate conservation and stock rebuilding plan recommendations. Limited carryforward is currently available but will be mostly depleted after one fiscal year should test fish cost recovery not occur.
4	Commercial Fisheries / Commercial Fisheries Entry Commission	Contract Services for Tech Upgrade for In-House Applications (FY2024-FY2027)	\$150.0 CFEC Repts (DGF) IncT	The Commercial Fisheries Entry Commission (CFEC) uses highly proprietary software applications developed in-house to manage commercial permit and licensing activity, as well as historical data. The agency requests a temporary increment of \$150.0 to contract for upgrades to three external facing systems, the online permit and vessel license renewal platform (referred to as "LEON" for Limited Entry ONline), the public and private permit lookup database, and the Bristol Bay District Registration program. Fiscal Analyst Comment: The CFEC fund balance is currently rebuilding after being over-appropriated in FY20 and FY21, and this temporary increment would not impact the objective of reaching a sustainable fund balance.
5	Wildlife Conservation / Wildlife Conservation	Maintain Prior Years Level of Fish and Game Fund Authority for Wildlife Conservation	\$5,000.0 Fish/ Game (Other)	In FY23, the legislature considered replacing \$5 million of Fish and Game Fund authority with a one-time increment of UGF. This fund source was later changed back to Fish and Game Fund, but retained the one-time increment status. The Governor's budget maintains the Fish and Game Fund authority in the base.
6	Wildlife Conservation / Wildlife Conservation	Support and Outreach of Non-Pittman-Robertson Projects	\$1,302.0 Gen Fund (UGF)	The Wildlife Conservation Division receives federal Statewide Wildlife Grant funding as well as Marine Mammal Protection Act grants, both of which require a 25% state match. The agency has relied heavily on third party in-kind contribution for the match component, but this reduces the agency's flexibility in managing these projects. Providing general fund as

Department of Fish and Game
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 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Wildlife Conservation / Wildlife Conservation	Support and Outreach of Non-Pittman-Robertson Projects	\$1,302.0 Gen Fund (UGF)	(continued) match will allow the agency to be competitive for these grants and to maintain expertise in marine mammal populations, which allows the State to participate in the creation of federal management plans for certain species.
7	Wildlife Conservation / Wildlife Conservation	State Match for Increased Pittman-Robertson Funding	\$2,080.1 Fish/ Game (Other)	<p>Alaska's federal fiscal year (FFY) 2022 apportionment of Pittman-Robertson (PR) funds is \$16 million greater than the previous year. These funds require a 25% state match, and the agency proposes to use Fish and Game funds generated by wildlife permitting activity to meet a portion of that requirement. Without sufficient match, the agency may not be able to accept the full apportionment, and may also fall behind in committing current year PR funds, which reduces their capacity to recapture PR funds that are lapsing from expiring projects. An increase in Fish and Game Fund authority is required to maintain that safety margin and meet the full match requirement.</p> <p>Wildlife revenue to the Fish and Game fund was \$18.5 million in FY22, and conservative estimates put FY23 revenues at \$17.3 million. In FY23, the legislature authorized \$15.4 million in expenditures from the Wildlife side of the Fish and Game Fund, and this increment brings FY24 expenditures up to \$17.7 million. While this slightly exceeds FY23 revenue estimates, the preliminary (pre-audit) fund balance at the beginning of FY23 was \$20.6 million. If revenue estimates and FY24 proposed spending levels are held flat for the sake of projection purposes, it would take several decades to gradually spend down the fund balance.</p> <p>Fiscal Analyst Comment: The State receives an annual apportionment of federal PR funds, which are receipts from an excise tax on firearms, ammunition and bow-hunting supplies. PR funds are used in the Department of Fish and Game for various activities including wildlife management, surveys, habitat restoration, hunter access, and hunter education and safety programs. These funds make up roughly two thirds of the Division's operating budget, and require a 3-1 state match, meaning that the agency can apply for</p>

Department of Fish and Game
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 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Wildlife Conservation / Wildlife Conservation	State Match for Increased Pittman-Robertson Funding	\$2,080.1 Fish/ Game (Other)	(continued) reimbursement of 75% of project costs, provided that 25% is funded with state funds or other funds contributed by non-profits or local and tribal governments. In the past five years, Alaska's apportionment has ranged between \$25 million and \$33 million. The FFY22 apportionment of \$46 million is a significant increase that resulted from record firearm and ammunition sales. It's possible that this spike could level off in future years.
8	Statewide Support Services / Boards of Fisheries and Game	Joint Board Meeting of the Board of Fisheries and the Board of Game	\$75.0 Gen Fund (UGF) IncOTI	The Joint Board of Fisheries and Game is expected to meet in FY24 to consider regulatory changes related to fish and game advisory committees, subsistence procedures, and non-subsistence areas. The meeting dates, duration, and location will be established by the boards during FY23. The last time the Joint Board convened a meeting to address all of these topics was in FY14. The meeting duration was five days, and the cost was approximately \$100.0. The Joint Board also met in FY19 to only address advisory committee regulations and not the subsistence related regulations. The meeting was scheduled for five days, but it took only three days for the joint board to complete all business. The cost was approximately \$63.0.

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Allocation Summary - Governor Structure**

**Numbers and Language
Agencies: Gov**

Allocation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Governor									
Commissions/Special Offices									
Human Rights Commission	2,522.0	2,619.9	2,619.9	2,646.7	2,646.7	26.8	1.0 %	0.0	
Appropriation Total	2,522.0	2,619.9	2,619.9	2,646.7	2,646.7	26.8	1.0 %	0.0	
Executive Operations									
Executive Office	12,540.0	13,007.0	13,007.0	12,106.8	13,106.8	99.8	0.8 %	1,000.0	8.3 %
Governor's House	750.1	769.9	769.9	775.9	775.9	6.0	0.8 %	0.0	
Contingency Fund	250.0	250.0	250.0	250.0	250.0	0.0		0.0	
Lieutenant Governor	1,203.7	1,238.2	1,238.2	1,248.8	1,248.8	10.6	0.9 %	0.0	
Appropriation Total	14,743.8	15,265.1	15,265.1	14,381.5	15,381.5	116.4	0.8 %	1,000.0	7.0 %
Office of Gov State Fac Rent									
Gov Office Facilities Rent	596.2	596.2	596.2	596.2	596.2	0.0		0.0	
Governor's Office Leasing	490.6	490.6	490.6	490.6	490.6	0.0		0.0	
Appropriation Total	1,086.8	1,086.8	1,086.8	1,086.8	1,086.8	0.0		0.0	
Office of Management & Budget									
Admin Services Directors	3,191.6	3,330.0	3,330.0	0.0	0.0	-3,330.0	-100.0 %	0.0	
Office of Management & Budget	2,732.9	2,854.1	2,854.1	2,878.9	2,878.9	24.8	0.9 %	0.0	
Appropriation Total	5,924.5	6,184.1	6,184.1	2,878.9	2,878.9	-3,305.2	-53.4 %	0.0	
Elections									
Elections	6,958.7	13,014.8	13,014.8	7,173.5	8,371.2	-4,643.6	-35.7 %	1,197.7	16.7 %
Appropriation Total	6,958.7	13,014.8	13,014.8	7,173.5	8,371.2	-4,643.6	-35.7 %	1,197.7	16.7 %
Agency Unallocated									
Unallocated Rates Adjustment	54.5	0.0	0.0	0.0	0.0	0.0		0.0	
Appropriation Total	54.5	0.0	0.0	0.0	0.0	0.0		0.0	
Ctrl Svcs Cost Allocation Rates									
Ctrl Svcs Cost Allocation Rates	5,000.0	5,000.0	5,000.0	0.0	0.0	-5,000.0	-100.0 %	0.0	
Appropriation Total	5,000.0	5,000.0	5,000.0	0.0	0.0	-5,000.0	-100.0 %	0.0	
Agency Total	36,290.3	43,170.7	43,170.7	28,167.4	30,365.1	-12,805.6	-29.7 %	2,197.7	7.8 %
Statewide Total	36,290.3	43,170.7	43,170.7	28,167.4	30,365.1	-12,805.6	-29.7 %	2,197.7	7.8 %
Funding Summary									
Unrestricted General (UGF)	32,359.2	39,079.1	39,079.1	27,399.6	29,597.3	-9,481.8	-24.3 %	2,197.7	8.0 %
Other State Funds (Other)	3,703.3	3,858.7	3,858.7	533.3	533.3	-3,325.4	-86.2 %	0.0	
Federal Receipts (Fed)	227.8	232.9	232.9	234.5	234.5	1.6	0.7 %	0.0	

Office of the Governor
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Executive Operations / Executive Office	Federal Infrastructure Investment and Jobs Act Implementation and Coordination	\$1,000.0 Gen Fund (UGF) 2 PFT Positions	In FY23, the Governor requested a \$5 million UGF capital project to fund a state infrastructure office within the Office of the Governor. The legislature converted this into an operating budget item and funded the office with \$1 million UGF. The legislature identified the increment as a one-time item to ensure the amount was reviewed annually, but indicated an intention to fund the office for five-year period. The Governor's FY24 request would make the item permanent. It also expands the office from two employees (as requested in FY23) to four.
2	Executive Operations / Various	Restore Full Governor's Office Funding to Numbers Section	n/a	In FY23, the legislature reduced the numbers section appropriations for the Executive Office and Governor's House allocations and added the same amount to the language section, effective January 1, 2023. The legislature also moved the entire Contingency Fund to the language section with the same effective date. The Governor's FY24 budget restores full funding to the numbers section for all three items.
3	Executive Operations / Lieutenant Governor	Transfer Lieutenant Governor Allocation to Executive Operations Appropriation	n/a	In FY23, the legislature transferred the Lieutenant Governor allocation to its own appropriation. The Governor's budget returns it to the Executive Operations appropriation from whence it came.
4	Office of Management and Budget / Office of Management and Budget Administrative Services Directors	Transfer Administrative Services Directors from Office of Management and Budget Back to the Departments	(\$3,355.8) I/A Rpts (Other) (15) PFT Positions	Administrative Services Directors were transferred from agencies to the Office of Management and Budget in the FY20 budget based on Administrative Order 302, issued in December of 2018. The Governor's FY24 budget transfers these positions back to the agencies. An administrative order is forthcoming to formalize the change.
5	Elections / Elections	Restore Language Assistance Previously Funded in Voter Outreach Multi-Year	\$300.0 Gen Fund (UGF) 1 PFT Position	A portion of the FY22-23 multi-year supplemental appropriation funded enhanced language assistance. This increment maintains that funding and adds it to the base budget. This includes funding for a full-time Elections Language Assistance Program Coordinator position.
6	Elections / Elections	Election Clerk Recruitment and Retention	\$113.0 Gen Fund (UGF)	This item provides a two-step pay range increase for Election Clerks to address recruitment challenges. This will bring the election clerk pay in line with the poll worker wage increase authorized in SLA2022.
7	Elections / Elections	Expansion and Relocation of Offices in Anchorage and Southeast	\$90.5 Gen Fund (UGF)	\$30.5 of this item is to expand the Southeast Regional Office in Juneau. It will add space for the absentee and question boards and provide more space for

Office of the Governor
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Elections / Elections	Expansion and Relocation of Offices in Anchorage and Southeast	\$90.5 Gen Fund (UGF)	<p>(continued) observers.</p> <p>\$60.0 of this item is to expand and relocate the Absentee and Petition Office, which is currently co-located with the Anchorage Region II office. Both offices have increased space requirements due to the increase in absentee and early voting.</p>
8	Elections / Elections	Add Kenai Satellite Office	\$148.7 Gen Fund (UGF) 1 PFT Position	<p>Establishes a permanent Kenai Peninsula Borough office, including a new Assistant Supervisor position. This position will be responsible for conducting logic and accuracy testing, election supply preparation, voter registration activities, and overseeing temporary election workers.</p> <p>This increment also includes funding for office space and associated costs.</p>
9	Elections / Elections	Statewide Primary and General Elections, Including Inflationary Costs (FY2024-FY2025)	\$2,870.3 Gen Fund (UGF) MultiYr	<p>The biennial cost of elections is funded with two-year appropriations to avoid annual spikes and dips in the Elections budget. The variable cost is funded with a multi-year language item, while the stable costs of the division are in the numbers section.</p> <p>The FY24-25 language section request includes an increase of \$400.0 due to inflationary costs in postage, printing, and paper. It also incorporates election worker pay increases previously funded in the numbers section and in an FY22-23 multi-year supplemental item. There is an associated decrement of \$358.8 in the numbers section to transition the election worker pay increase to the language section.</p>

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: DOH**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov		[5] - [4] Adj Base to 24Gov	
Health									
Behavioral Health	88,735.1	95,733.3	95,733.3	87,090.8	87,606.7	-8,126.6	-8.5 %	515.9	0.6 %
Health Care Services	20,906.9	21,165.7	21,165.7	21,622.1	21,634.1	468.4	2.2 %	12.0	0.1 %
Public Assistance	272,439.7	358,685.7	358,685.7	274,150.8	299,150.8	-59,534.9	-16.6 %	25,000.0	9.1 %
Senior Benefits Payment Program	20,786.1	20,786.1	20,786.1	20,786.1	20,786.1	0.0		0.0	
Public Health	127,977.4	336,405.1	336,405.1	129,933.5	137,975.1	-198,430.0	-59.0 %	8,041.6	6.2 %
Senior and Disabilities Svcs	69,476.6	76,882.4	76,882.4	68,494.5	69,685.0	-7,197.4	-9.4 %	1,190.5	1.7 %
Departmental Support Services	41,443.5	43,087.8	43,087.8	38,472.2	41,228.9	-1,858.9	-4.3 %	2,756.7	7.2 %
Human Svcs Comm Matching Grant	1,387.0	1,387.0	1,387.0	1,387.0	1,387.0	0.0		0.0	
Community Initiative Grants	861.7	861.7	861.7	861.7	861.7	0.0		0.0	
Medicaid Services	2,462,924.7	2,440,074.7	2,440,074.7	2,440,074.7	2,460,957.3	20,882.6	0.9 %	20,882.6	0.9 %
Agency Unallocated	1,776.5	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	3,108,715.2	3,395,069.5	3,395,069.5	3,082,873.4	3,141,272.7	-253,796.8	-7.5 %	58,399.3	1.9 %
Statewide Total	3,108,715.2	3,395,069.5	3,395,069.5	3,082,873.4	3,141,272.7	-253,796.8	-7.5 %	58,399.3	1.9 %
Funding Summary									
Unrestricted General (UGF)	947,185.9	922,696.3	922,696.3	921,145.2	950,037.4	27,341.1	3.0 %	28,892.2	3.1 %
Designated General (DGF)	53,591.8	53,591.8	53,591.8	53,707.4	53,707.4	115.6	0.2 %	0.0	
Other State Funds (Other)	91,560.3	91,622.7	91,622.7	91,140.6	94,890.6	3,267.9	3.6 %	3,750.0	4.1 %
Federal Receipts (Fed)	2,016,377.2	2,327,158.7	2,327,158.7	2,016,880.2	2,042,637.3	-284,521.4	-12.2 %	25,757.1	1.3 %

Department of Health
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Increased Statutory Distribution of Restorative Justice Account Funding	\$416.4 Rest Just (Other)	<p>This increment represents an increase of available funding based on a statutory distribution model that is tied to the appropriated amount to pay out the Permanent Fund Dividend in a given year. This increase will result in additional grant availability for behavioral health treatment and recovery for FY24.</p> <p>The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.</p> <p>The calculation outlined under Alaska Statute (AS) 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those 'forfeited funds' are available in the subsequent budget cycle for appropriation to eligible agencies.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order: 10%-13%: (Fund Cap) Crime Victims Compensation Fund - FY24 Gov is 13% 2%-6%: (Leg) Office of Victims' Rights - FY24 Gov is 4% 1%-3%: (DPS) Nonprofits for services for crime victims and domestic violence and sexual assault programs - FY24 Gov is 2% 1%-3%: (DOH) Nonprofits for mental health services and substance abuse treatment for offenders - FY24 Gov is 2% 79%-88%: (DOC) Costs related to incarceration or probation - FY24 Gov is 79%</p>

Department of Health
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 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Various	MH Trust: Continuing Trust Recommendations Not Reflected in FY2024 Budget Proposal	(\$533.0) GF/MH (UGF)	<p>The Mental Health Trust Authority (MHTA, or Trust) is a State corporation located within the Department of Revenue. Each year, the Trust submits a "zero-based" budget for Mental Health Trust Authority Authorized Receipts (MHTAAR). This means that all MHTAAR funding in State agencies is removed from the adjusted base and reconsidered by the Trust on an annual basis.</p> <p>In addition to MHTAAR funding, the Trust makes recommendations involving general funds, specifically General Funds - Mental Health (GF/MH). In the FY24 budget proposal, the Governor did not elect to include all of the recommendations for GF/MH-funded items that were put forward by the Trust, including GF/MH for continuing programs that had been supported with this fund source in prior fiscal years. The removal of out-year funding for multi-year items is reflected as decrements.</p> <p>Items that were previously supported with GF/MH in FY23 but are <i>not</i> included in the Governor's FY24 operating budget are as follows:</p> <p>Behavioral Health, Behavioral Health Administration (\$50.0) for Peer Support Certification (FY21-FY25) - FY23 funding for this purpose was \$130.0 MHTAAR and \$50.0 GF/MH. FY24 Trust recommendations were for \$100.0 MHTAAR and \$100.0 GF/MH.</p> <p>Public Health, Emergency Programs (\$75.0) for Comprehensive Program Planning Coordinator (FY21-FY28)</p> <p>Public Health, Chronic Disease Prevention and Health Promotion (\$45.0) for Beneficiary Mental Health Status Data Collection (FY22-FY32)</p> <p>Senior and Disability Services, Community Based Grants (\$250.0) for Maintaining Aging and Disability</p>

Department of Health
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Various	MH Trust: Continuing Trust Recommendations Not Reflected in FY2024 Budget Proposal	(\$533.0) GF/MH (UGF)	<p>(continued) Resource Centers (FY22-FY26)</p> <p>Senior and Disability Services, Administration (\$63.0) for IT Application/Telehealth Service System Improvements (FY16-FY25)</p> <p>Senior and Disability Services, Governor's Council on Disabilities and Special Education (GCDSE) (\$50.0) for GCDSE Joint Staffing (FY18-FY28)</p> <p>In addition to existing initiatives that had received GF/MH support in FY23, there were also new FY24 recommendations for GF/MH funding that were not included in the current proposal:</p> <p>Behavioral Health \$100.0 increase to Crisis Now Continuum of Care Grants (FY23-FY26) - FY23 funding level of \$900.0 is maintained in FY24 proposal \$500.0 for expanding Crisis Now Continuum of Care Grants (FY24-FY25)</p> <p>Department Support Services \$1,150.0 for Home Modifications and Upgrades</p>
3	Public Assistance / Various	Convert Maintenance of Effort for Temporary Assistance to Multi-Year Appropriation	Net Zero	<p>The Division of Public Assistance seeks to convert the State's maintenance of effort for temporary assistance to a language item, to allow for a multi-year appropriation (FY24-FY25) of general fund match for temporary assistance activity in two allocations within the Division. The Division states that the determination of whether the State meets participation thresholds is not made until after the end of the State's fiscal year. If the thresholds are met, the maintenance of effort requirements are reduced, and the Division could potentially lapse general funds. The flexibility of a multi-year appropriation allows the Division time to make the determination of potential lapse.</p> <p>The numbers allocations impacted by this shift of funding to language are as follows:</p>

Department of Health
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Public Assistance / Various	Convert Maintenance of Effort for Temporary Assistance to Multi-Year Appropriation	Net Zero	(continued) Alaska Temporary Assistance Program: \$210.4 Tribal Assistance Program: \$2,807.4
4	Public Health / Various	Adopt Recommendations in the Alaska Tuberculosis Elimination Plan	\$2,760.0 Gen Fund (UGF)	<p>The Division of Public Health proposes increments in three allocations for the purpose of enacting recommendations from the Alaska Tuberculosis Elimination Plan to combat the high incidence of tuberculosis (TB) throughout Alaska. The Division highlights that Alaska's indigenous population has historically been disproportionately impacted by this disease and that those trends continue today; the Alaska TB Elimination Plan outlines strategies aimed at reducing the TB infection rate by 25% in Alaska Native peoples by 2031.</p> <p>Recommendations that the Division plans to implement include expanding the targeted TB screening and treatment capacity statewide, in order to detect and treat latent TB before it becomes active and infectious. To achieve this, the Division will recruit qualified public health nurses who will operate in rural, high-incidence parts of the state. The Division will expand the electronic Directly Observed Therapy (eDOT) pilot program and will further evaluate the epidemiology of endemic TB in rural Alaska, including factors such as the housing shortages and other economic challenges.</p> <p>Funding is requested in the following allocations: Nursing: \$585.0 Epidemiology: \$1,950.0 Public Health Laboratories: \$225.0</p>
5	Public Health / Emergency Programs	Fifth Year of Medical Provider Incentives and Loan Repayment (Ch15 SLA2019 (SB93))	\$955.6 Stat Desig (Other)	Senate Bill 93 (Ch. 15, SLA 2019) replaced the Division of Public Health's previous loan repayment and incentive program, Supporting Health Access (through loan) Repayment Program, or SHARP-2. Under SB 93, the Health Care Professionals Workforce Enhancement Program (nicknamed SHARP-3) was established to address the shortage of health care professionals in Alaska by setting agreements with qualified health care professionals wherein they would work for three years in underserved areas in exchange for repayment of

Department of Health
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Public Health / Emergency Programs	Fifth Year of Medical Provider Incentives and Loan Repayment (Ch15 SLA2019 (SB93))	\$955.6 Stat Desig (Other)	<p>(continued) student loans or direct incentives.</p> <p>While the prior program, SHARP-2, was funded with unrestricted general funds, the current program established under SB 93 is entirely supported by employers in the form statutory designated program receipts (SDPR). Maximum payment amounts are set in statute and are adjusted by the five-year average of the Consumer Price Index.</p> <p>This increment represents year five of projected out-year costs in the Department's original fiscal note associated with the enacted legislation.</p>
6	Public Health / Various	Support Efforts to Eliminate Congenital Syphilis	\$4,000.0 Gen Fund (UGF)	<p>In 2019 Alaska ranked in the top ten states nationally for prevalence of sexually-transmitted diseases, and in 2020 Alaska reached the highest number of congenital syphilis (CS) cases ever recorded in the state. CS occurs when a pregnant person who is infected with syphilis transmits the infection to the fetus.</p> <p>The Division of Public Health proposes increments in two allocations that will provide resources for increasing the testing and treatment capacity of CS statewide, as well as to obtain necessary supplies for this purpose. Other actions to be undertaken included launching a campaign to inform the public about how to prevent the transmission of CS and other sexually-transmitted diseases, focusing in particular on at-risk populations such as those with a substance abuse disorder or who may be experiencing homelessness.</p> <p>Funding is requested in the following allocations: Epidemiology: \$3,295.0 Public Health Laboratories: \$705.0</p>
7	Senior and Disabilities Services / Senior and Disabilities Community Based Grants	Senior and Disabilities Community Based Grants and the Centers for Independent Living	\$1,498.2 Gen Fund (UGF)	<p>This increment would provide increased grant funding for the Senior and Disabilities Community-Based Grants allocation, as well as increased grants to the four grantee Centers for Independent Living that currently exist in the state.</p> <p>The proposed increment includes \$586.0 for Centers for Independent Living. These Centers are community-based, cross-disability, non-profit</p>

Department of Health
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Senior and Disabilities Services / Senior and Disabilities Community Based Grants	Senior and Disabilities Community Based Grants and the Centers for Independent Living	\$1,498.2 Gen Fund (UGF)	(continued) organizations that are designed and operated by people with disabilities. The four grantee Centers provide expertise and assistance to individuals with disabilities so that they may live independently through the use of assistive technology, benefits counseling, job skill training, transportation, modifications and accommodations for the home and workplace, and other benefits. The remaining \$912.2 will be distributed through the allocation's grant process to support the senior and disability communities.
8	Departmental Support Services / Commissioner's Office	Establish the Office of Health Savings	Total: \$1,046.2 \$523.1 Fed Rcpts (Fed) \$523.1 GF/Match (UGF)	The Department states that this new Office of Health Savings will focus on addressing the high cost of health care in Alaska, implementing innovative payment models, and working with the Department of Law to obtain specialized, in-depth knowledge in order to improve the value of existing contracts and secure additional recoveries for the Department of Health. The initial focus for the office will include finding additional savings within the Medicaid program, reducing pharmaceutical costs, and improving access to critical medications for both those covered by Medicaid and those not covered by Medicaid.
9	Departmental Support Services / Information Technology Services	Invest in Line of Business Information Technology	Total: \$1,560.5 \$72.0 Fed Rcpts (Fed) \$1,488.5 I/A Rcpts (Other) 10 PFT Positions	The Information Technology Services allocation seeks an increment to support ten new personnel for line-of-business activity within the Department. As manual and paper-based processes have been replaced with digitized recordkeeping and online applications, the Department states that staff capacity and expertise have not grown with these changes to support the new business model. In addition to supporting the Department's 180+ applications, the ten new positions will be responsible for the completion of cyber attack recovery efforts, fiscal agent on-boarding for the Medicaid Management Information System (MMIS), completing the SharePoint migration that began in 2019, supporting a version update for the Laboratory Information Management System (LIMS), moving multiple internal applications to vendor-hosted

Department of Health
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Departmental Support Services / Information Technology Services	Invest in Line of Business Information Technology	Total: \$1,560.5 \$72.0 Fed Rcpts (Fed) \$1,488.5 I/A Rcpts (Other) 10 PFT Positions	(continued) solutions, and facilitating multiple end-of-life system upgrades. The following ten positions are requested in the Information Technology Services allocation: 1. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 2. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 3. Data Processing Manager 1, range 22, located in Juneau 4. Database Specialist 3, range 22, located in Juneau 5. Analyst/Programmer 4, range 20, located in Juneau 6. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 7. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 8. Microcomputer/Network Specialist 1/2, range 18/20, located in Juneau 9. Microcomputer/Network Technician 1/2, range 14/16, located in Juneau 10. Program Coordinator 2, range 20, located in Juneau
10	Medicaid Services / Medicaid Services	Extend Postpartum Medicaid Coverage	\$2,600.0 Gen Fund (UGF)	Medicaid and the Children's Health Insurance Program, known as CHIP, both contribute significantly to the care of pregnant and postpartum Alaskans but currently the State only provides coverage for up to a maximum of 60 days postpartum. This increment request would allow the extension of postpartum Medicaid coverage from 60 days to 12 months, which is consistent with national trends. Many states have already extended postpartum coverage to address the high incidence of maternal morbidity and mortality in the United States as compared to other developed nations. Additional funds to allow for extended postpartum coverage will result in improved health outcomes for Alaskans, including chronic disease prevention, reduced maternal morbidity, and better resources for maternal mental health.

Department of Health
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Medicaid Services / Medicaid Services	Medicaid Utilization and Inflation Due to the Public Health Emergency Wind Down	\$18,132.6 GF/ Match (UGF)	<p>The Department of Health states that the U.S. Department of Health and Human Services has issued guidance for states as the federal public health emergency (PHE) winds down, including to prepare for the end of the enhanced federal medical assistance percentage (FMAP). While the Department is expecting the full enhanced FMAP to end on March 31, 2023, a step-down approach to the enhanced FMAP is anticipated to occur during the end of FY23 and through the first half of FY24. The eventual return to the standard rate for the FMAP will mean that the State's share of Medicaid costs will increase. Furthermore, factors such as increased utilization due to delayed care during the pandemic, an Indian Health Services rate increase of 17 percent, and overall inflation will require an increase in State-supported funds.</p> <p>Fiscal Analyst Comment: The Governor's FY24 budget proposal also includes a language item that requests open-ended federal receipt authority in FY24, which may be used for but is not limited to accepting federal receipts for the purpose of responding to the COVID-19 pandemic. Similar requests for open-ended authority have been granted in FY20 through FY23, but against the backdrop of an evolving and continuing PHE which required additional flexibility in federal receipt authority in order to respond to imminent public health and safety concerns.</p> <p>Items 11 and 12 are related.</p>
12	Medicaid Services / Medicaid Services	FY24 Open-Ended Federal Receipt Authority	Net Zero	<p>The legislature approved open-ended federal authority in FY20, FY21, FY22, and FY23 in response to COVID-19. The Department has indicated that this authority is requested for both COVID and non-COVID activities.</p> <p>Items 11 and 12 are related.</p>

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**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: Labor**

<u>Appropriation</u>	<u>[1] 23 CC</u>	<u>[2] 23 Auth</u>	<u>[3] 23MgtP1n</u>	<u>[4] Adj Base</u>	<u>[5] 24Gov</u>	<u>[5] - [3] 23MgtP1n to 24Gov</u>	<u>[5] - [4] Adj Base to 24Gov</u>		
Labor & Workforce Dev									
Commissioner and Admin Svcs	37,087.8	34,839.2	34,839.2	33,492.9	33,271.3	-1,567.9	-4.5 %	-221.6	-0.7 %
Workers' Compensation	11,554.5	11,617.5	11,617.5	11,382.3	11,782.3	164.8	1.4 %	400.0	3.5 %
Labor Standards and Safety	11,014.6	10,915.2	10,915.2	11,123.9	11,473.9	558.7	5.1 %	350.0	3.1 %
Employment & Training Services	72,234.1	72,248.3	72,248.3	55,476.6	72,590.5	342.2	0.5 %	17,113.9	30.8 %
Vocational Rehabilitation	26,114.9	26,128.6	26,128.6	28,337.4	28,337.4	2,208.8	8.5 %	0.0	
AVTEC	15,659.4	15,966.4	15,966.4	15,898.1	16,181.7	215.3	1.3 %	283.6	1.8 %
Agency Unallocated	353.1	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	174,018.4	171,715.2	171,715.2	155,711.2	173,637.1	1,921.9	1.1 %	17,925.9	11.5 %
Statewide Total	174,018.4	171,715.2	171,715.2	155,711.2	173,637.1	1,921.9	1.1 %	17,925.9	11.5 %
Funding Summary									
Unrestricted General (UGF)	30,298.9	27,730.9	27,730.9	20,669.4	20,989.4	-6,741.5	-24.3 %	320.0	1.5 %
Designated General (DGF)	36,044.1	35,942.4	35,942.4	35,835.2	36,515.2	572.8	1.6 %	680.0	1.9 %
Other State Funds (Other)	16,042.6	16,099.0	16,099.0	16,509.6	15,545.0	-554.0	-3.4 %	-964.6	-5.8 %
Federal Receipts (Fed)	91,632.8	91,942.9	91,942.9	82,697.0	100,587.5	8,644.6	9.4 %	17,890.5	21.6 %

Department of Labor and Workforce Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Workers' Compensation / Second Injury Fund	Restore Omnibus Workers' Compensation Ch. 91 SLA 2018 (HB79)	\$400.0 Sec Injury (DGF)	When HB 79 (Ch. 91 SLA18) Omnibus Workers' Compensation was passed, a fiscal note was submitted for the Second Injury Fund (SIF) stating that the fund could reduce expenditure authority for grants and benefits over five years until the expenditure authority was zeroed out. Funding was reduced by \$400.0. Since that time, it has become clear that the fiscal note did not consider that 95% of SIF claims are for permanent total disability, meaning the claim will be paid for the life of the claimant. This increment restores funding in FY24 and adds it to the base budget.
2	Labor Standards and Safety / Wage and Hour Administration	Maintain Certified Payroll Operations	\$350.0 GF/Prgm (DGF)	In FY22 and FY23, personal services costs have exceeded available funding for this allocation. The agency has been able to use one-time fund sources to meet costs, such as depleting carryforward balances, but will be unable to do so in the future. This increment brings budgeted funding in line with existing personal services costs. Items 2 and 3 are related.
3	Labor Standards and Safety / Wage and Hour Administration	Replace Unrestricted General Fund Receipts with General Fund Program Receipts	Net Zero (\$250.0) Gen Fund (UGF) \$250.0 GF/Prgm (DGF)	The agency reports that GF/PR revenue exceeds their budgeted authority. Replacing UGF with GF/PR aligns the budget with this revenue collection. Items 2 and 3 are related.
4	Employment and Training Services / Workforce Services	Consolidating the Workforce Development Component into Workforce Services	n/a	19 positions (one temporary / 18 PFTs) and \$8,437.6 [\$4,508.6 Federal, \$1,974.2 GF/Match, \$1,940.5 STEP, and \$14.3 VoTechEd] are transferred from the Workforce Development (WD) allocation to the Workforce Services (WS) allocation. The WD unit has a similar mission to the WS unit and operates within the structure of the Division of Employment and Training Services. This transfer aligns the two units under a single leadership structure, which the agency reports will allow more focus on service delivery. All positions and authority are moved out of Workforce Development, effectively eliminating the allocation.
5	Employment and Training Services / Workforce Services	Individual Training Accounts for Clients and Operation Training Grants	\$1,512.4 Fed Rcpts (Fed)	This increment for Individual Training Accounts (ITA) will maximize the amount of funding received through the Workforce Innovation and Opportunity Act. This funding is formula based and varies year to year based on how many individuals use the service and what types of service they obtain. ITAs are

Department of Labor and Workforce Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Employment and Training Services / Workforce Services	Individual Training Accounts for Clients and Operation Training Grants	\$1,512.4 Fed Rcpts (Fed)	(continued) established on behalf of participants and can be used for classroom training, registered apprenticeships, job training, and transitional employment. Other costs such as lodging and meals, relocation assistance, tools, and supplies are available for some participants in specific employment programs. The cost of services provided through ITAs has been increasing between 10% and 15% for food, lodging, and supplies.
6	Various	Consolidation of the Mature Alaskans Seeking Skills Training (MASST) Program	n/a	One PFT position and \$233.3 of Federal authority are transferred from Workforce Development to Special Projects. Additionally, \$1,1896.0 [\$1,706.0 Federal and \$190.0 STEP] in funding for this program is transferred for the provision of services. The Mature Alaskans Seeking Skills Training (MASST) program provides job training and assists in placing older individuals in community service positions to become economically self-sufficient.
7	Employment and Training Services / Unemployment Insurance	Programs and Operation of Disaster Unemployment Assistance Program	\$6,378.1 Fed Rcpts (Fed)	Unemployment Insurance continues to face challenges associated with the Coronavirus pandemic. In FY23, the legislature appropriated \$10,000.0 of federal receipt authority for the purpose of making unemployment insurance benefit payments. There remains a considerable increase in costs associated with this program in FY24. The agency has federal grants including funding from the Coronavirus Aid, Relief, and Economic Security Act Pandemic Unemployment Insurance, the American Rescue Plan - Fraud Detection and Prevention, and the Federal Emergency Management Agency Disaster Unemployment Insurance Act Program. An increase in federal authority brings budgeted funding in line with expected expenditures for the Unemployment Insurance Program.
8	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Replace Unavailable Program Receipts to Support Existing Vocational Training Opportunities	Net Zero \$320.0 Gen Fund (UGF) (\$320.0) GF/Prgm (DGF)	In FY22 and FY23, costs at the Alaska Vocational Technical Center (AVTEC) exceeded available program receipts. Costs for supplies, fuel, transportation, and utilities have increased between 10% and 15%, and at a faster rate in Seward than in other areas of the state. The agency has been able to use one-time fund sources to meet costs, such as depleting carryforward balances, but will be unable to do so in the future. This fund change will provide general fund to replace hollow program receipt

Department of Labor and Workforce Development
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Replace Unavailable Program Receipts to Support Existing Vocational Training Opportunities	Net Zero \$320.0 Gen Fund (UGF) (\$320.0) GF/Prgm (DGF)	(continued) authority to meet their obligations and brings budgeted funding in line with existing costs. Items 8 and 9 are related.
9	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Increase General Fund for AVTEC	\$250.0 Gen Fund (UGF)	Costs for instructional materials, as well as for recruitment and retention of qualified instructors, have increased. The agency has been able to use one-time fund sources to meet costs, such as depleting carryforward balances, but will be unable to do so in the future. This increment will provide general funds to meet their obligations and brings budgeted funding in line with existing costs. Items 8 and 9 are related.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: Law**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtPln	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtPln to 24Gov		[5] - [4] Adj Base to 24Gov	
Law									
Criminal Division	42,218.8	45,110.7	45,110.7	45,618.7	46,368.7	1,258.0	2.8 %	750.0	1.6 %
Civil Division	53,617.2	60,360.7	60,360.7	55,339.0	55,339.0	-5,021.7	-8.3 %	0.0	
Administration and Support	4,829.7	4,879.9	4,879.9	5,133.4	5,383.4	503.5	10.3 %	250.0	4.9 %
Agency Unallocated	412.7	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	101,078.4	110,351.3	110,351.3	106,091.1	107,091.1	-3,260.2	-3.0 %	1,000.0	0.9 %
Statewide Total	101,078.4	110,351.3	110,351.3	106,091.1	107,091.1	-3,260.2	-3.0 %	1,000.0	0.9 %
Funding Summary									
Unrestricted General (UGF)	63,458.3	72,170.6	72,170.6	67,331.8	68,331.8	-3,838.8	-5.3 %	1,000.0	1.5 %
Designated General (DGF)	2,766.4	2,873.2	2,873.2	2,900.5	2,900.5	27.3	1.0 %	0.0	
Other State Funds (Other)	32,777.4	33,089.8	33,089.8	33,613.9	33,613.9	524.1	1.6 %	0.0	
Federal Receipts (Fed)	2,076.3	2,217.7	2,217.7	2,244.9	2,244.9	27.2	1.2 %	0.0	

Department of Law
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Criminal Division / Criminal Justice Litigation	Software and Storage for Audio/Visual Evidence in Criminal Cases	\$400.0 Gen Fund (UGF)	The Criminal Division receives, reviews, and stores electronic evidence to refer to prosecution. This increment allows for the purchase of software and electronic storage services to manage audio and video and file evidence for the legal process of discovery. This technology includes video evidence captured by body cameras worn by the Alaska State Troopers and the Anchorage Police Department.
2	Criminal Division / Criminal Justice Litigation	Expand Internet Connectivity for Rural Prosecution Offices	\$350.0 Gen Fund (UGF) IncOTI	The Criminal Division seeks to increase its internet capacity for rural prosecution offices. The current system is cloud based and accessed digitally. Rural communities with poor bandwidth have limited use of this system and the 'locally hosted' option used by rural communities is nearing its end of life due to wear and improvements in technology. The agency intends to either change the internet service or expand the internet speeds and capacity. This increment will allow the Criminal Division to improve and expand internet services by utilizing a low-earth orbit satellite connection in order to enhance prosecutorial services. The agency anticipates internet costs decreasing in future years as these changes are implemented.
3	Various	Consolidation of Services within the Civil Division	n/a	<p>The Civil Division is restructured to streamline services and to realign personnel and programs. Various allocations are consolidated and fourteen allocations are eliminated with the transfer of all resources to five remaining allocations as follows:</p> <p>A total of \$3,729.0 and 20 PFTs are transferred to Legal Support Services from the following allocations:</p> <ol style="list-style-type: none"> 1. Protective Legal Services & Support: \$600.0 I/A; 2. Labor and State Affairs: 1 PFT (Division Director) and \$260.2 [\$130.1 GF / \$130.1 I/A]; 3. Deputy Attorney General's Office: 1 PFT (Deputy AG) and \$526.6 [\$409.0 GF / \$10.0 GF/PR / \$107.6 I/A]; and 4. Information and Project Support: 18 PFTs and \$2,342.2 [\$587.0 GF / \$1,755.3 I/A]. <p>A total of \$19,972.1 and 52 PFTs are transferred to Statehood Defense & Resource Development from the following allocations:</p> <ol style="list-style-type: none"> 1. Labor and State Affairs: \$200.0 CIP;

Department of Law
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Various	Consolidation of Services within the Civil Division	n/a	<p>(continued)</p> <p>2. Natural Resources: 27 PFTs and \$8,803.1 [\$4,582.5 GF / \$1,285.1 I/A / \$2,935.3 PF Gross];</p> <p>3. Environmental Law: 11 PFTs and \$2,241.4 [\$917.1 GF / \$786.8 I/A / \$537.1 IA/OIL HAZ];</p> <p>4. Transportation: 14 PFTs and \$3,217.5 [\$401.7 GF / \$2,615.5 I/A / \$200.3 CIP]; and</p> <p>Three multi-year general fund appropriations in the Deputy Attorney General's Office relating to statehood defense:</p> <p>5. \$4,000.0 (FY21-25), of which \$3,010.0 is remaining at the onset of FY23;</p> <p>6. \$2,000.0 (FY23-25); and</p> <p>7. \$500.0 (FY23-35) specific to the Tongass National Forest.</p> <p>A total of \$21,426.8 and 107 PFTs are transferred to Protective and Legal Services and Support from the following allocations:</p> <p>1. Statehood Defense & Resource Development: \$500.0 GF;</p> <p>2. Commercial and Fair Business: 20 PFTs and \$5,384.4 [\$1,006.1 GF / \$136.0 GF/PR / \$3,127.9 I/A / \$999.9 Stat Desig / \$114.5 Tob Ed/CES];</p> <p>3. Regulatory Affairs Public Advocacy: 10 PFTs and \$3,054.6 [\$464.9 GF / \$2,589.7 RCA Rcpts];</p> <p>4. Child Protection: 56 PFTs and \$8,662.5 [6,373.1 GF / \$2,289.4 I/A]; and</p> <p>5. Human Services: 21 PFTs and \$3,825.3 [\$2,034.9 GF / 1,690.3 I/A / \$100.1 GF/MH].</p> <p>A total of \$11,855.3 and 54 PFTs are transferred to Government Services from the following allocations:</p> <p>1. Labor and State Affairs: 21 PFTs and \$4,814.4 [\$1,997.3 GF / \$2,817.1 I/A];</p> <p>2. Legislation/Regulations: 11 PFTs and \$2,113.7 [\$1,557.3 GF / \$556.4 I/A];</p> <p>3. Opinions, Appeals and Ethics: 13 PFTs and \$2,779.7 [\$1,730.9 GF / \$1,049.0 I/A]; and</p> <p>4. Special Litigation: 9 PFTs and \$2,147.3 [\$1,461.7 GF / \$685.6 I/A].</p> <p>A total of \$5,465.8 and 32 PFTs are transferred to Torts & Other Civil Defense Litigation from the</p>

Department of Law
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Various	Consolidation of Services within the Civil Division	n/a	(continued) following allocations: 1. Torts and Workers' Compensation: 32 PFTs and \$4,965.8 [\$674.1 GF / \$4,291.7 I/A]; and 2. Government Services: \$500.0 I/A. The following allocations are effectively eliminated: Deputy Attorney General's Office; Child Protection; Commercial and Fair Business; Environmental Law; Human Services; Labor and State Affairs; Legislation/Regulations; Natural Resources; Opinions, Appeals and Ethics; Regulatory Affairs Public Advocacy; Special Litigation; Information and Project Support; Torts and Workers' Compensation; and the Transportation Section.
4	Administration and Support / Department of Law State Facilities Rent	Address Increasing Lease Costs	\$250.0 Gen Fund (UGF)	The agency maintains offices in a variety of locations around the state, either in a lease with a private lessor or in a State-owned facility. In FY22 the agency began paying for lease space in State-owned buildings in Valdez, Ketchikan, and Sitka. Lease costs for State-owned space in Juneau, Palmer, and Nome have also been increasing over the last three years. This increment will cover the increases in all six locations.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Allocation Summary - Governor Structure**

**Numbers and Language
Agencies: DM&VA**

Allocation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov
Military & Veterans' Affairs							
Military and Veterans' Affairs							
Office of the Commissioner	6,075.3	6,102.9	5,497.0	5,782.6	5,556.6	59.6 1.1 %	-226.0 -3.9 %
Homeland Security & Emerg Mgt	9,009.6	9,524.9	9,524.9	9,189.4	8,489.4	-1,035.5 -10.9 %	-700.0 -7.6 %
Army Guard Facilities Maint.	13,653.3	13,677.6	14,283.5	14,444.3	14,688.4	404.9 2.8 %	244.1 1.7 %
Civil Air Patrol	250.0	250.0	250.0	250.0	250.0	0.0	0.0
Air Guard Facilities Maint.	7,193.9	7,209.7	7,209.7	7,319.8	7,429.8	220.1 3.1 %	110.0 1.5 %
Alaska Military Youth Academy	10,166.8	10,193.0	10,193.0	10,362.8	11,719.7	1,526.7 15.0 %	1,356.9 13.1 %
Veterans' Services	2,231.5	2,240.2	2,240.2	2,249.9	2,249.9	9.7 0.4 %	0.0
State Active Duty	325.0	325.0	325.0	325.0	325.0	0.0	0.0
Alaska State Defense Force	0.0	0.0	0.0	0.0	2,500.0	2,500.0 >999 %	2,500.0 >999 %
Appropriation Total	48,905.4	49,523.3	49,523.3	49,923.8	53,208.8	3,685.5 7.4 %	3,285.0 6.6 %
Alaska Aerospace Corporation							
Alaska Aerospace Corporation	3,869.7	3,871.3	3,871.3	3,878.3	3,878.3	7.0 0.2 %	0.0
AAC Facilities Maintenance	6,576.5	6,583.4	6,583.4	6,589.6	6,589.6	6.2 0.1 %	0.0
Appropriation Total	10,446.2	10,454.7	10,454.7	10,467.9	10,467.9	13.2 0.1 %	0.0
Agency Unallocated							
Unallocated Rates Adjustment	74.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriation Total	74.0	0.0	0.0	0.0	0.0	0.0	0.0
Agency Total	59,425.6	59,978.0	59,978.0	60,391.7	63,676.7	3,698.7 6.2 %	3,285.0 5.4 %
Statewide Total	59,425.6	59,978.0	59,978.0	60,391.7	63,676.7	3,698.7 6.2 %	3,285.0 5.4 %
Funding Summary							
Unrestricted General (UGF)	15,851.8	15,901.3	15,901.3	16,105.7	17,961.1	2,059.8 13.0 %	1,855.4 11.5 %
Designated General (DGF)	36.3	36.3	36.3	36.3	36.3	0.0	0.0
Other State Funds (Other)	12,052.8	12,058.6	12,058.6	12,431.5	12,266.7	208.1 1.7 %	-164.8 -1.3 %
Federal Receipts (Fed)	31,484.7	31,981.8	31,981.8	31,818.2	33,412.6	1,430.8 4.5 %	1,594.4 5.0 %

Department of Military and Veterans' Affairs
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Military and Veterans' Affairs / Office of the Commissioner	Add Human Resource Consultant 1 (09-#003) for Alaska State Defense Force Support	Total: \$99.2 \$30.3 Fed Rcpts (Fed) \$2.1 GF/Match (UGF) \$31.6 Gen Fund (UGF) \$28.5 I/A Rcpts (Other) \$6.7 CIP Rcpts (Other) 1 PFT Position	A position is requested to address the additional workload associated with the Alaska State Defense Force (ASDF) expansion. This expansion is intended to increase ASDF capabilities to assist Alaskans during emergencies. The ASDF is currently undergoing a re-organization to form three flexible Scout Battalions. This will require additional personnel, equipment and infrastructure. The Department's goal is to go from a 200 person force to a 500 person force with a significantly increased presence in rural Alaska. The agency anticipates that there will be an increase in personnel issues that arise because of drill status and activation that will require additional HR support. Items 1 and 11 are related.
2	Military and Veterans' Affairs / Homeland Security and Emergency Management	Increased Emergency Management Performance Grant Match Funding	\$200.0 GF/Match (UGF)	The Emergency Management Performance Grant for the State has increased by \$200.0, which has prompted the agency request for a corresponding one to one State match increase. This grant supports the basic emergency management capabilities of the State and local communities. Fiscal Analyst Comment: Annually around \$1,400.0 of this grant is passed through directly to communities to fund emergency management positions, and that portion of the grant is funded through local dollars or in-kind match. This increase in State funded match will be for State activities and not passed through to communities.
3	Military and Veterans' Affairs / Homeland Security and Emergency Management	Reduce Authority to Align with Anticipated Revenue and Expenditures	(\$700.0) Fed Rcpts (Fed)	Authority is reduced in order to align with the move of the National Oceanic and Atmospheric Administration (NOAA) grant to the State Homeland Security Grant Programs annual capital appropriation. The NOAA funding has no match requirement and is spread over multiple fiscal years and is therefore more appropriately reflected under the capital budget.
4	Military and Veterans' Affairs / Homeland Security and Emergency Management	Reduce SDPR Authority No Longer Needed for EMAC	(\$200.0) Stat Desig (Other)	The increase in declared disasters within the state has increased the Department's workload, making it unfeasible to send employees out to assist other states through the Emergency Management Assistance Compact (EMAC). This authority used for reimbursement under the EMAC is no longer necessary.

Department of Military and Veterans' Affairs
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Military and Veterans' Affairs / Alaska Wing Civil Air Patrol	Maintain Civil Air Patrol Funding	n/a	The Governor's budget maintains Civil Air Patrol funding at FY23 funding levels after having vetoed the funding in FY19 through FY22.
6	Military and Veterans' Affairs / Air Guard Facilities Maintenance	Establish Eielson Janitorial Service Contract	\$50.0 Gen Fund (UGF)	Establish and maintain a janitorial contract for Eielson facilities. The agency reports that these facilities have been without janitorial service for all of calendar year 2022 because the Air Guard facilities maintenance office has been unable to establish one with current funding levels.
7	Military and Veterans' Affairs / Air Guard Facilities Maintenance	Maintenance for Additional Nose Dock Aircraft Maintenance and Repair Facility	Total: \$60.0 \$45.0 Fed Rcpts (Fed) \$15.0 GF/Match (UGF)	An additional facility on Eielson will be added to the Air Guard Facilities Maintenance Office's scope of responsibility, resulting in increased utility and maintenance costs.
8	Military and Veterans' Affairs / Alaska Military Youth Academy	Increased Eligible Federal Allowable Benefit Costs Through Cooperative Agreement	Net Zero \$1,900.0 Fed Rcpts (Fed) (\$1,900.0) Gen Fund (UGF)	The National Guard Bureau has provided clarification regarding separated salary and overtime limits from allowable benefits for reimbursement. The cooperative agreement allows for the State of Alaska to be reimbursed for 75 percent/25 percent of allowable benefits. This enables the Alaska Military Youth Academy to shift \$1,900.0 in benefits from UGF to federal receipts. Items 8, 9, and 10 are related.
9	Military and Veterans' Affairs / Alaska Military Youth Academy	Match for Eligible Federal Allowable Benefit Costs Through Cooperative Agreement	\$475.0 Gen Fund (UGF)	National Guard Bureau cooperative agreement allows for the State of Alaska to be reimbursed for 75 percent/25 percent in allowable benefits. This enables the Alaska Military Youth Academy to adjust \$1,900.0 in benefits from UGF to federal receipts. The Department will use this UGF funding to provide the 25 percent match for the increase in Federal funding. Items 8, 9, and 10 are related.
10	Military and Veterans' Affairs / Alaska Military Youth Academy	Updates and Modernization of Campus	\$881.9 Gen Fund (UGF) IncOTI	The Department requests these one-time funds to perform overdue updates to the campus, help with modernization, and cover additional travel costs to increase recruiting efforts. Items 8, 9, and 10 are related.

Department of Military and Veterans' Affairs
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Military and Veterans' Affairs / Alaska State Defense Force	Expanded Operations for Alaska State Defense Force	\$2,099.8 Gen Fund (UGF) 5 PFT Positions	<p>The Department's goal of expanding operations of the Alaska State Defense Force (ASDF) would require additional funding to enable recruitment efforts, training, travel, supplies, and other operating costs associated with a division. This expansion is intended to increase the ASDF's capabilities to assist Alaskans during emergencies and would bring the force from 200 members up to 500.</p> <p>The Department anticipates this expansion would require 5 new positions within DMVA in a new allocation, as well as an HR position in the Commissioner's Office.</p> <p>These increments, along with a \$400.2 UGF transfer from the Commissioner's Office, will bring the total ASDF allocation funding level to \$2,500.0 UGF.</p> <p>Items 1 and 11 are related.</p>

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: DNR**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov		[5] - [4] Adj Base to 24Gov	
Natural Resources									
Administration & Support	29,425.5	30,037.3	30,037.3	30,520.2	30,809.4	772.1	2.6 %	289.2	0.9 %
Oil & Gas	21,551.1	21,942.5	21,942.5	22,168.1	22,168.1	225.6	1.0 %	0.0	
Fire, Land & Water Resources	115,826.1	115,245.5	115,245.5	116,464.6	117,826.5	2,581.0	2.2 %	1,361.9	1.2 %
Agriculture	6,791.4	6,801.4	6,801.4	6,891.4	6,891.4	90.0	1.3 %	0.0	
Parks & Outdoor Recreation	18,022.7	18,197.8	18,197.8	18,471.6	18,871.6	673.8	3.7 %	400.0	2.2 %
Agency Unallocated	761.3	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	192,378.1	192,224.5	192,224.5	194,515.9	196,567.0	4,342.5	2.3 %	2,051.1	1.1 %
Statewide Total	192,378.1	192,224.5	192,224.5	194,515.9	196,567.0	4,342.5	2.3 %	2,051.1	1.1 %
Funding Summary									
Unrestricted General (UGF)	72,392.2	71,795.5	71,795.5	72,611.0	72,711.0	915.5	1.3 %	100.0	0.1 %
Designated General (DGF)	42,620.7	42,677.6	42,677.6	43,385.8	43,617.7	940.1	2.2 %	231.9	0.5 %
Other State Funds (Other)	38,897.7	39,278.1	39,278.1	39,888.2	41,307.4	2,029.3	5.2 %	1,419.2	3.6 %
Federal Receipts (Fed)	38,467.5	38,473.3	38,473.3	38,630.9	38,930.9	457.6	1.2 %	300.0	0.8 %

Department of Natural Resources
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration & Support Services / Office of Project Management & Permitting	Increase Inter-Agency Receipt Authority Due to Anticipated Funding for State Development Projects	\$300.0 I/A Rcpts (Other)	The Office of Project Management and Permitting (OPMP) has entered into two reimbursable service agreements (RSAs) with the Alaska Industrial Development and Export Authority (AIDEA). OPMP will provide assistance with the state and federal permitting processes for the Ambler Access Project and West Susitna Access Project.
2	Fire Suppression, Land & Water Resources / Mining, Land & Water	Process Applications for Permits to Mine in Alaska and Hard Rock Exploration Support	\$231.9 GF/Prgm (DGF)	The Division of Mining, Land, and Water created two positions in FY22 (first reflected in the budget in FY23 management plan), a Natural Resource Specialist 2 and a Geologist 3, both located in Fairbanks. The positions were created to reduce the permitting application backlog for both. \$211.9 of the increment would provide continuing funding for these positions. The remaining \$20.0 would go towards associated services costs.
3	Parks & Outdoor Recreation / Parks Management & Access	Increased Park Maintenance and Concessionaire Incentives for Chena River, Big Lake North, Big Lake South, and Rocky Lake	\$100.0 Gen Fund (UGF)	<p>Parks outsources operations in certain small state park units to concessionaires. The Division does not provide funding to concessionaires, who generate revenue through user fees. These contracts are offered competitively through the Department's procurement process. Big Lake North, Big Lake South, and Rocky Lake have been contracted for over a decade, but the Department was unsuccessful in three recent attempts to find a concessionaire for these facilities. As a result, the Division stepped in to operate these units, assuming the added costs.</p> <p>Chena River State Recreation Area was under concession contract until 2018, when the Division assumed management. The park was closed in 2020 due to frequent illegal activity. It was reopened in August 2022 after clean-up and restoration work. The Division intends to continue managing the site internally, and increased funding would support site maintenance.</p> <p>OMB plans to submit an amended transaction clarifying this request.</p>
4	Parks & Outdoor Recreation / Parks Management & Access	Enhanced Federal Support for the Boating Safety Program	\$300.0 Fed Rcpts (Fed)	The Department is anticipating additional federal funding for the boating safety program, which will support the Kids Don't Float and Save It for the Shore campaigns. The additional funding will allow for public awareness publications, educational programs,

Department of Natural Resources
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Parks & Outdoor Recreation / Parks Management & Access	Enhanced Federal Support for the Boating Safety Program	\$300.0 Fed Rcpts (Fed)	(continued) and purchase of life jackets and safety equipment. No state match is required for these funds.

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**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: DPS**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov	[5] - [4]	[5] - [4]
Public Safety									
Fire and Life Safety	6,746.8	6,788.5	6,788.5	6,789.6	7,092.8	304.3	4.5 %	303.2	4.5 %
Alaska State Troopers	165,320.9	166,083.7	166,083.7	165,519.6	171,141.4	5,057.7	3.0 %	5,621.8	3.4 %
Village Public Safety Officers	17,122.0	17,248.4	17,248.4	17,244.3	17,558.6	310.2	1.8 %	314.3	1.8 %
AK Police Standards Council	1,410.4	1,421.7	1,421.7	1,432.8	1,432.8	11.1	0.8 %	0.0	
Domestic Viol/Sexual Assault	31,015.6	33,900.6	33,900.6	27,067.2	31,687.6	-2,213.0	-6.5 %	4,620.4	17.1 %
Statewide Support	50,004.1	49,571.1	49,571.1	51,594.3	53,396.6	3,825.5	7.7 %	1,802.3	3.5 %
Violent Crimes Comp Board	1,864.0	1,876.1	1,876.1	1,882.0	4,264.2	2,388.1	127.3 %	2,382.2	126.6 %
Agency Unallocated	980.8	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	274,464.6	276,890.1	276,890.1	271,529.8	286,574.0	9,683.9	3.5 %	15,044.2	5.5 %
Statewide Total	274,464.6	276,890.1	276,890.1	271,529.8	286,574.0	9,683.9	3.5 %	15,044.2	5.5 %
Funding Summary									
Unrestricted General (UGF)	215,960.4	216,095.7	216,095.7	213,233.3	225,251.6	9,155.9	4.2 %	12,018.3	5.6 %
Designated General (DGF)	8,699.2	8,711.1	8,711.1	8,745.9	8,899.7	188.6	2.2 %	153.8	1.8 %
Other State Funds (Other)	13,300.4	13,308.6	13,308.6	13,593.5	16,403.8	3,095.2	23.3 %	2,810.3	20.7 %
Federal Receipts (Fed)	36,504.6	38,774.7	38,774.7	35,957.1	36,018.9	-2,755.8	-7.1 %	61.8	0.2 %

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Fire and Life Safety / Fire and Life Safety	Add Deputy Fire Marshal 1/2 (12-#017) for Inspections and Investigations in Southeast Alaska	\$219.5 Gen Fund (UGF) 1 PFT Position	<p>A full-time Deputy Fire Marshal will be established in Juneau for inspections and investigations. The Department had previously stationed a Deputy Fire Marshal in this location, but this position was transferred to Anchorage in FY18 to back-fill a position that was eliminated due to budget cuts. By restoring this position in Juneau, the Deputy Fire Marshal will be able to serve smaller outlying communities in Southeast Alaska.</p> <p>A separate one-time increment of \$83.7 is requested for startup costs associated with a commissioned officer, which includes the purchase of a vehicle.</p>
2	Alaska State Troopers / Statewide Drug and Alcohol Enforcement Unit	Add Criminal Justice Technician 1/2 (12-#007) for Anchorage Airport Interdiction	\$112.6 Gen Fund (UGF) 1 PFT Position	<p>A full-time Criminal Justice Technician will be added in Anchorage to support drug interdiction with the Anchorage Airport Interdiction Team. Currently, this unit has only one Criminal Justice Technician that simultaneously supports the parcel and the terminal teams. That position books investigative travel, redacts reports, responds to discovery requests, develops probable cause requests for vehicles and humans, reviews criminal histories of suspects, provides investigative assistance by reading Alaska Records Management System (ARMS) requests, and trains other Criminal Justice Technicians across the state. The agency reports that this staffing level is inadequate and that additional Criminal Justice Technician support will enhance the agency's ability to interdict illegal trafficking.</p> <p>A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.</p>
3	Alaska State Troopers / Alaska State Trooper Detachments	Add Remaining 25% Funding for Filled Positions Provided in FY21 at 75% Funding	\$755.9 Gen Fund (UGF)	<p>In FY21, a total of 36 positions were added to the Alaska State Troopers appropriation, including 15 State Troopers, four Pilots, a Boat Officer, and various technical and administrative positions. These positions were added with 75% of their annual operating cost to account for recruitment delays. In FY22 and FY23, the agency received additional funding to close that gap as the positions were filled. In FY24, the agency requests \$755.9 of the remaining \$905.7 that was originally projected to support the FY21 added positions.</p>

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Alaska State Troopers / Alaska State Trooper Detachments	Add Full Funding for Filled Sergeant and Four Trooper Positions Provided in FY23 without Funding	\$1,280.9 Gen Fund (UGF)	In FY23, the legislature added six trooper positions (including one Sergeant) and a Criminal Justice Technician without funding to account for recruitment delays and attrition. At that time, costs associated with those seven positions were projected to be \$1,578.0 in ongoing annual operating and \$410.9 in one-time startup costs. This request will provide funding for a filled sergeant position and four filled trooper positions but does not include funding for one-time startup costs.
5	Alaska State Troopers / Alaska State Trooper Detachments	Add Criminal Justice Technician 1/2 (12-#059) for Statewide Evidence Entry	\$112.6 Gen Fund (UGF) 1 PFT Position	A Criminal Justice Technician 1/2 position will be added in Anchorage to meet statewide evidence handling procedures and policies. A separate one-time increment for \$18.4 is requested for startup costs associated with a new civilian position.
6	Alaska State Troopers / Alaska State Trooper Detachments	Add Mental Health Clinician 2 (12-#058) to Expand Wellness Program	\$162.0 Gen Fund (UGF) 1 PFT Position	Funding is requested to add a Mental Health Clinician 2 in Anchorage. The Department established a wellness program in 2019 within the Advanced Training Unit and this new position will provide a professional level of experience and education that the unit lacks. A new Mental Health Clinician will provide professional support by providing general mental health and consultative services and therapeutic treatment services for department staff; making referrals and arrangements for members; providing post-in-patient treatment follow-up care; supportive crisis intervention following traumatic events; assisting with the department wellness program in providing training, and monthly wellness articles; and visiting outlying posts to provide counseling and consultation to members, among other responsibilities. A separate one-time increment for \$18.4 is requested for startup costs associated with a new civilian position.
7	Alaska State Troopers / Alaska State Trooper Detachments	Add Training Specialist to Expand Training Options and Meet Professional Police Training Demands	\$153.8 GF/Prgm (DGF) 1 PFT Position	Funding is requested to add a Training Specialist 2 in Anchorage. This addition will expand training options and assist the agency in meeting professional police training demands within the Advanced Training Unit (ATU). The ATU provides recurring in-service training and other training courses for the agency statewide. The agency reports that current staffing

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Alaska State Troopers / Alaska State Trooper Detachments	Add Training Specialist to Expand Training Options and Meet Professional Police Training Demands	\$153.8 GF/Prgm (DGF) 1 PFT Position	(continued) levels are insufficient to meet the demand while also maintaining time to support instructor certification courses and continuing education for the unit, as well as general flexibility for instructors to take leave. A separate one-time increment for \$18.4 is requested for startup costs associated with a new civilian position.
8	Alaska State Troopers / Alaska State Trooper Detachments	Add Public Safety Technician 2 (12-#049) for Asset Management	\$102.2 Gen Fund (UGF) 1 PFT Position	Funding is requested to add a Public Safety Technician 2 in Fairbanks. This position will assist with maintenance, transportation, operation, safety, and inventory of trooper snowmachines, boats, trailers, and other vehicles and equipment. A separate one-time increment for \$18.4 is requested for startup costs associated with a new civilian position.
9	Alaska State Troopers / Alaska State Trooper Detachments	Add Funding to Address Rising Costs in Equipment and Supplies	\$452.1 Gen Fund (UGF)	This increment provides funding for increased costs related to parts and materials, in particular for tasers, safety gear, and uniforms. The agency reports a significant increase in the cost of tasers, primarily due to improved technology. Tasers are procured via a contract that provides for equipment and certification. The current X2 model of tasers costs \$186.2 per year. That contract has ended and the new contract for T7 model tasers will cost \$331.2 per year, for an increase of \$145.0. Technological advances include 1) optimized close range and an increase in dart distance spreading at close distance; 2) improved device management through a docking station which includes upload of deployment data to be managed by supervisors and download of firmware and device software that ensures the device is up to date with the most recent information; and 3) improved darts and dart deployment. The Department has also experienced a steady increase in costs for safety equipment, uniforms, and other important gear and equipment items. Between FY21 and FY22, safety equipment increased by \$99.2, ballistic vests increased by \$98.3, uniforms increased

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Alaska State Troopers / Alaska State Trooper Detachments	Add Funding to Address Rising Costs in Equipment and Supplies	\$452.1 Gen Fund (UGF)	(continued) by \$45.6, and outdoor gear increased by \$64.0, for an overall increase of \$307.1.
10	Alaska State Troopers / Alaska State Trooper Detachments	Transition to Digital Evidence Management Software for Online Evidence Management	\$300.0 Gen Fund (UGF)	An increment is requested to address a digital evidence problem resulting from limited standardization for digital evidence collection, storage, redaction, sharing and disposal. Evidence is currently stored in a physical format and locked away in evidence facilities spread throughout the state. Digital evidence is part of every criminal investigation, and the agency reports that current practices are antiquated and extremely slow. This proposal would move the agency to an online Software as a Service solution for digital evidence management in an effort to standardize many digital evidence processes, eliminate manual methods of collecting and sharing evidence, and bring evidence to a central repository. The agency reports that the software could save significant State Trooper time and eliminate the need to burn media files to CDs/DVDs/USBs/hard drives and then package the evidence and physically take it to an evidence location.
11	Alaska State Troopers / Alaska Bureau of Investigation	Critical Software System Licensure for Crime Investigations	\$319.0 Gen Fund (UGF)	This request provides licensure for major crime investigators and drug task forces to investigate complex cases. The licensure allows for acquisition and reporting of cell phones, computers, DVRs, images, and passwords; location of users who download and share illicit content; and cell phone mapping. These systems are used to search the dark web for individuals sharing illicit material and to investigator productivity and capability.
12	Alaska State Troopers / Alaska Bureau of Investigation	Add Two Forensic Technician 2 (12-#027, 12-#028) for Crime Scene Response	\$261.5 Gen Fund (UGF) 2 PFT Positions	Two full-time Forensic Technician 2 positions are added in Wasilla and Kenai to increase the agency's capacity to respond to crime scenes. Crime scene investigations are currently being handled primarily by commissioned investigators who need to focus on other components of investigations such as victim and suspect interviews, case management, background investigation, and area canvasses. The agency reports that the initial hour of an investigation is a crucial time for processing and documenting the crime scene. The two new Forensic Technicians handle

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
12	Alaska State Troopers / Alaska Bureau of Investigation	Add Two Forensic Technician 2 (12-#027, 12-#028) for Crime Scene Response	\$261.5 Gen Fund (UGF) 2 PFT Positions	(continued) photographs, latent and patent prints, blood spatter analysis, trace evidence, shooting reconstruction, the seizing and packaging of evidence, and associated documentation. The new Forensic Technicians will free investigators to conduct interviews, obtain warrants, and follow leads. The positions will serve the Special Crimes Investigation Unit, the Child Abuse Investigation Unit, the Technical Crimes Unit, and the Financial Crimes Unit. A separate one-time increment of \$36.8 is requested for startup costs associated with two new civilian positions.
13	Alaska State Troopers / Aircraft Section	Add Public Safety Technician 2 (12-#064) to Increase Operational Capacity	Total: \$102.7 \$95.0 Gen Fund (UGF) \$7.7 I/A Rcpts (Other) 1 PFT Position	A full-time Public Safety Technician 2 will be added in Fairbanks to increase operational capacity. This new position will perform general labor duties, assist inspectors and administrative staff at the Department's Aircraft Section hangars, assist inspectors and pilots with general maintenance duties, and perform semi-skilled duties. The position will also serve as a spotter/ crewmember on law enforcement, surveillance, and search and rescue aircraft patrols. This position will operate in the same capacity as its counterpart in Anchorage. A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.
14	Alaska State Troopers / Aircraft Section	Add Aircraft Pilot 1 (12-#061) to Increase Operational Capacity	\$259.4 Gen Fund (UGF) 1 PFT Position	An Aircraft Pilot 1 is added in Bethel to meet the Department's statutory responsibility to respond to crimes throughout Alaska. Currently, one full-time Pilot is located in Bethel, supplemented by other Pilots that rotate into the region to cover days off and personal leave. The agency reports that an additional Bethel-based Pilot will fully staff this hub location that services fifty-six village communities. A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
15	Alaska State Troopers / Alaska Wildlife Troopers	Add Full Funding for Three State Trooper Positions (in Galena, Saint Mary's, & Yakutat) Provided in FY23 without Funding	\$942.8 Gen Fund (UGF)	<p>In FY23 the legislature approved the addition of three State Troopers in Galena, Saint Mary's, and Yakutat. These positions were provided without funding in response to recruitment delays and challenges. In FY23 these positions were projected to require \$882.2 in ongoing operating costs and \$224.1 in one-time startup costs. The FY24 request incorporates salary adjustments and does not include one-time funding for startup costs.</p> <p>Fiscal Analyst Comment: The agency reports that the Galena position will be put out to bid (for interested State Trooper applicants) in January 2023, and the Saint Marys and Yakutat positions will be put out for bid when State housing is identified. These Wildlife Trooper positions are typically attractive to applicants, and the agency is unlikely to have difficulty filling them once housing is identified.</p>
16	Alaska State Troopers / Alaska Wildlife Troopers	Add a Criminal Justice Technician 1/2 (12-#070) for Field Support	\$120.3 Gen Fund (UGF) 1 PFT Position	<p>A Criminal Justice Technician 1/2 is added in Kodiak to perform a variety of field support functions to include data entry of citations, online reporting, True File submissions to the Alaska Court System, reporting in the mandatory electronic records management system, Alaska Public Safety Information System entries, evidence processing and management, equipment management and entry into IRIS, fulfilling public information requests, and other functions that support the mission of the Alaska Wildlife Troopers. By adding this position, the agency hopes to shift document processing responsibilities away from State Troopers.</p> <p>A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.</p>
17	Village Public Safety Officer Program / Village Public Safety Officer Program	Establish Village Public Safety Director to Better Serve Rural Communities	\$196.5 Gen Fund (UGF) 1 PFT Position (1) TMP Position	<p>A full-time Policy and Programs Director is added for the VPSO program. The VPSO program is currently administered by two Program Coordinators and two Administrative Assistants. The agency requests a separate one-time increment of \$102.9 for startup costs associated with the creation of this civilian position and an existing non-permanent State Trooper, which includes the purchase of a vehicle.</p>

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
18	Council on Domestic Violence and Sexual Assault / Council on Domestic Violence and Sexual Assault	Replace Insufficient Federal Victims of Crimes Act (VOCA) Grant Funding	\$3,000.0 Gen Fund (UGF) IncOTI	<p>In FY22, the legislature approved a separate \$8 million multi-year appropriation (FY21-FY24) to supplant lost Victims of Crime Act (VOCA) funds and restore FY21 levels of grant availability for nonprofits who assist victims of sexual assault, human trafficking, and domestic violence. The agency projects that those funds will be fully expended in FY23. In order to maintain grant availability in FY23, the legislature also approved a one-time increment of \$3.5 million. The FY24 request provides \$3 million, again as a one-time increment, with the hope that VOCA funds will eventually be restored.</p> <p>The rate of domestic violence and sexual assault in Alaska continues to increase, even while the overall crime rate is decreasing. Alaska maintains the highest rate of sexual assault in the nation; four times the national average. The majority of this grant funding supports entities who provide emergency shelter and supportive services to victims.</p> <p>Fiscal Analyst Comment: The federal VOCA Fix to Sustain the Crime Victims Fund Act of 2021 was expected to reverse the downward trend in the availability of VOCA funds that are capitalized with receipts from deferred and non-prosecution settlement agreements. The fund is impacted by the way in which federal prosecutors structure settlements, and more education is likely needed to rebuild the Crime Victims Fund. Receipts are not expected to be sufficient for FY24 and possibly FY25 as well. The Department anticipates that this gap may be bridged with a pending FY23-FY25 federal multi-year appropriation of \$4 million.</p>
19	Council on Domestic Violence and Sexual Assault / Council on Domestic Violence and Sexual Assault	Increase and Enhance Community-Based Prevention and Battering Intervention Program Activities	\$1,200.0 Gen Fund (UGF)	<p>The Council on Domestic Violence and Sexual Assault (CDVSA) requests funding for the following purposes:</p> <ol style="list-style-type: none"> 1) Increase grant funding to thirteen existing community-based prevention programs; 2) Establish a strong and sustainable media and community education campaign to change Alaskans' knowledge, attitudes, beliefs, and behaviors related to

Department of Public Safety
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(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
19	Council on Domestic Violence and Sexual Assault / Council on Domestic Violence and Sexual Assault	Increase and Enhance Community-Based Prevention and Battering Intervention Program Activities	\$1,200.0 Gen Fund (UGF)	<p>(continued) domestic violence and sexual assault;</p> <p>3) Support the Perpetrator Rehabilitation Workgroup to modernize and improve the efficiency and effectiveness of programming that serves partners who use violence in their relationships. The funding will be used to increase grants to current battering intervention community-based programs and implement changes to current battering intervention programming.</p> <p>CDVSA reports that prevention initiatives currently receive 7% of all available grant funding, and services to address the sources of violence used by abusive partners (Battering Intervention Programs) receive 1.8% of grant funding. In contrast, 91% of community-based grant funding goes to provide emergency services to those already impacted by domestic violence and sexual assault. This distribution means that the agency has limited funds to create opportunities to prevent violence from happening in the first place, to work with youth to create healthier relationships, and to educate the public about ways to reduce and end violent behavior.</p>
20	Council on Domestic Violence and Sexual Assault / Council on Domestic Violence and Sexual Assault	Increased Statutory Distribution of Restorative Justice Account Funding	\$420.4 Rest Just (Other)	<p>The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.</p> <p>The calculation outlined under Alaska Statute (AS) 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those 'forfeited funds' are available in the subsequent budget cycle for appropriation to eligible agencies.</p>

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
20	Council on Domestic Violence and Sexual Assault / Council on Domestic Violence and Sexual Assault	Increased Statutory Distribution of Restorative Justice Account Funding	\$420.4 Rest Just (Other)	(continued) AS 43.23.048(b) outlines the following purposes and percentages, in priority order: 10% - 13%: (Fund Cap) Crime Victims Compensation Fund - FY24 is 13% 2% - 6%: (Leg) Office of Victims' Rights - FY24 is 4% 1% - 3%: (DPS) Nonprofits for Services for Crime Victims and Domestic Violence and Sexual Assault Programs - FY24 is 2% 1% - 3%: (DOH) Nonprofits for Mental Health Services and Substance Abuse Treatment for Offenders - FY24 is 2% 79% - 88%: (DOC) Costs related to incarceration or probation - FY24 is 79% Items 20 and 28 are related.
21	Statewide Support / Commissioner's Office	Add Administrative Assistant 2 (12-#018) for Public Information Office	\$109.8 Gen Fund (UGF) 1 PFT Position	A full-time Administrative Assistant 2 is added in Anchorage. The Public Information Office (PIO) moved into the Commissioner's Office in FY23 without dedicated administrative staff. This shift of 10 positions created an administrative support gap for travel, payroll, accounts payable, basic procurement, and other assignments. Administrative support staff within other divisions and units of the Department are currently assisting with these responsibilities. The addition of an Administrative Assistant 2 to directly support the PIO and the Commissioner's Office will allow administrative staff who were performing tasks for the Commissioner's Office to return to their regular duties. A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.
22	Statewide Support / Commissioner's Office	Increase Public Information Office Staffing to Meet Statutory Requirements Related to Body-Worn Cameras	\$471.7 Gen Fund (UGF) 4 PFT Positions	A full-time Information Systems Coordinator and three full-time Criminal Justice Technicians are added in Anchorage to establish a new unit within the Public Information Office (PIO) to respond to information requests related to body-worn cameras. The FY23 budget included funding to implement a body-worn cameras initiative for commissioned

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
22	Statewide Support / Commissioner's Office	Increase Public Information Office Staffing to Meet Statutory Requirements Related to Body-Worn Cameras	\$471.7 Gen Fund (UGF) 4 PFT Positions	(continued) personnel. Subsequently, the agency anticipates a significant increase in Alaska Public Records Act (APRA) requests for body-worn camera footage. Currently, the Department receives approximately 10,000 requests per year that require over 6,000 staff hours to complete. Four staff members are currently dedicated to public information requests and research, which the agency reports is insufficient to statutorily comply with the anticipated number of APRA requests associated with body-worn camera footage. A separate one-time increment of \$73.6 is requested for startup costs associated with four new civilian positions.
23	Statewide Support / Administrative Services	Add Administrative Operations Manager 2 (12-#029) to Expand Centralized Administrative Support Services	\$182.1 Gen Fund (UGF) 1 PFT Position	An full-time Administrative Operations Manager 2 is added to provide budget, grant, and fiscal management services. In the last five years, the Department increased its overall staffing level by 20 percent while positions within administrative services have remained flat. In addition, the number of grants has steadily increased resulting in more tracking, grantees, and reporting. The agency requests this additional support to provide what is described as a much-needed enhanced level of fiscal and budgetary oversight to ensure financial reporting is timely to granting agencies and other important partners. A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.
24	Statewide Support / Administrative Services	Add Two Maintenance Generalist Journey (12-#091, 12-#092) to Maintain Housing in Rural Trooper Stations	\$269.6 Gen Fund (UGF) 2 PFT Positions	The agency requests the addition of two Maintenance Generalist Journey positions to maintain housing in rural trooper stations. This includes maintaining building interior and exterior components, system devices, and structures. The positions will perform preventative maintenance and servicing of equipment and the related manual physical work. A separate one-time increment of \$36.8 is requested for startup costs associated with two new civilian positions.

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
25	Statewide Support / Alaska Public Safety Communication Services (APSCS)	Add Stocks and Parts Services 3 Position (12-#077) for Inventory Support	\$124.1 Gen Fund (UGF) 1 PFT Position	<p>A full-time Stocks and Parts Services 3 position is added in Anchorage to provide inventory support. Alaska Public Safety Communication Services (APSCS) has over twenty Conex storage units, ground, and facility warehouse spaces in Anchorage, and three remote warehouses (Juneau, Fairbanks, and Soldotna). This new position will manage inventory, acquire, and prepare materials for travel teams; freeing technicians and supervisors to focus on planning and executing the work. The agency reports that APSCS does not have adequate staff to support the 150+ sites around the state or the 7,000-8,000 customer radios. This new position will provide relief to technicians so they can support the system and customer equipment.</p> <p>A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.</p>
26	Statewide Support / Criminal Justice Information Systems Program	Add Fingerprint Technician 1/2 (12-#080) to Meet Federal National Fingerprint File Compliance Requirements	\$120.9 Gen Fund (UGF) 1 PFT Position	<p>A full-time Fingerprint Technician 1/2 is added in Anchorage to meet federal fingerprint National Fingerprint File (NFF) compliance requirements. As part of the Criminal Justice Information System modernization project, the Department must become NFF compliant as required of a Compact state (AS 12.64.010) and to comply with a current Governor's initiative to collect owed DNA samples from offenders to provide fingerprint identification. The agency reports that faster processing timelines and the increased volume of work necessitates the additional position to ensure federal compliance and to reduce growing backlogs.</p> <p>A separate one-time increment of \$18.4 is requested for startup costs associated with a new civilian position.</p>
27	Statewide Support / Criminal Justice Information Systems Program	Add Criminal Justice Planner (12-#090) for Records Management Support	\$167.9 Gen Fund (UGF) 1 PFT Position	<p>A full-time Criminal Justice Planner is added in Anchorage to manage the new Records Management Support (RMS) team responsible for work with the National Incident Based Reporting System (NIBRS), ARMS/TraCs, and online reporting duties, as well as assisting detachments with record validation duties.</p> <p>A separate one-time increment of \$18.4 is requested</p>

Department of Public Safety
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
27	Statewide Support / Criminal Justice Information Systems Program	Add Criminal Justice Planner (12-#090) for Records Management Support	\$167.9 Gen Fund (UGF) 1 PFT Position	(continued) for startup costs associated with a new civilian position.
28	Violent Crimes Compensation Board / Violent Crimes Compensation Board	Increased Statutory Distribution of Restorative Justice Account Funds Provided to the Crime Victims Compensation Fund	\$2,382.2 Crime VCF (Other)	<p>The Crime Victims Compensation Fund is capitalized with Restorative Justice Account funding. The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.</p> <p>The calculation outlined under AS 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those 'forfeited funds' are available in the subsequent budget cycle for appropriation to eligible agencies.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order: 10% - 13%: (Fund Cap) Crime Victims Compensation Fund - FY24 is 13% 2% - 6%: (Leg) Office of Victims' Rights - FY24 is 4% 1% - 3%: (DPS) Nonprofits for Services for Crime Victims and Domestic Violence and Sexual Assault Programs - FY24 is 2% 1% - 3%: (DOH) Nonprofits for Mental Health Services and Substance Abuse Treatment for Offenders - FY24 is 2% 79% - 88%: (DOC) Costs related to incarceration or probation - FY24 is 79%</p> <p>Items 20 and 28 are related.</p>

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: Rev**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov		[5] - [4] Adj Base to 24Gov	
Revenue									
Taxation and Treasury	84,567.2	84,944.3	84,944.3	82,206.7	83,591.7	-1,352.6	-1.6 %	1,385.0	1.7 %
Child Support Services	25,202.0	25,218.6	25,218.6	25,624.2	25,624.2	405.6	1.6 %	0.0	
Administration and Support	4,713.6	5,103.6	5,103.6	6,630.4	5,379.5	275.9	5.4 %	-1,250.9	-18.9 %
Mental Health Trust Authority	5,305.6	5,470.0	5,470.0	5,508.3	5,644.4	174.4	3.2 %	136.1	2.5 %
AK Muni Bond Bank Authority	1,016.6	1,383.3	1,383.3	1,386.2	1,386.2	2.9	0.2 %	0.0	
AK Housing Finance Corporation	143,516.6	236,295.0	236,295.0	103,417.1	109,653.7	-126,641.3	-53.6 %	6,236.6	6.0 %
AK Permanent Fund Corporation	217,802.0	218,517.4	218,517.4	218,633.7	216,126.9	-2,390.5	-1.1 %	-2,506.8	-1.1 %
Agency Unallocated	353.5	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	482,477.1	576,932.2	576,932.2	443,406.6	447,406.6	-129,525.6	-22.5 %	4,000.0	0.9 %
Statewide Total	482,477.1	576,932.2	576,932.2	443,406.6	447,406.6	-129,525.6	-22.5 %	4,000.0	0.9 %
Funding Summary									
Unrestricted General (UGF)	27,070.7	27,201.1	27,201.1	27,657.7	27,688.7	487.6	1.8 %	31.0	0.1 %
Designated General (DGF)	3,197.0	3,219.5	3,219.5	3,254.0	3,596.6	377.1	11.7 %	342.6	10.5 %
Other State Funds (Other)	369,418.0	370,920.2	370,920.2	329,408.0	327,885.4	-43,034.8	-11.6 %	-1,522.6	-0.5 %
Federal Receipts (Fed)	82,791.4	175,591.4	175,591.4	83,086.9	88,235.9	-87,355.5	-49.7 %	5,149.0	6.2 %

Department of Revenue
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Taxation and Treasury / Tax Division	Tax Revenue Management System (TRMS) Cloud Server Hosting	\$373.6 Gen Fund (UGF)	FAST Enterprises built and maintains the Tax Division's Tax Revenue Management System (TRMS). This increment would allow the Division to contract with FAST to host TRMS on FAST's cloud servers. The aim is to increase security, as the contract would ensure IRS policy compliance, 24/7 monitoring, database backups, and liability insurance.
2	Taxation and Treasury / Treasury Division	Restore Cash Management I/A Receipt Authority to FY22 Level	\$685.0 I/A Repts (Other)	The Governor proposed replacing \$685.0 of interagency receipts with UGF in FY23, in order to reduce cash management charges to retirement trusts. The legislature denied this fund change and instead reduced interagency receipt authority without increasing UGF authority. Since this decrement was not associated with reduced expenses, the Department states that the decrement left Treasury with insufficient budget authority. This increment restores the interagency receipt authority removed by the legislature in the FY23 budget.
3	Taxation and Treasury / Treasury Division	Replace Authority with Higher Education Investment Fund (AS 37.14.750)	Net Zero (\$342.6) Gen Fund (UGF) \$342.6 High Ed (DGF)	Until FY22, the Higher Education Investment Fund (HEIF) paid no fund management fees. In FY22, the Division began charging a flat ten basis points to all funds under management, resulting in \$316.4 in fees budgeted to the HEIF. \$394.6 million was swept from the HEIF to the Constitutional Budget Reserve (CBR) on June 30, 2021. HEIF authority in the Treasury Division was replaced with UGF in the FY23 budget. HB 322, effective June 30, 2022, made the HEIF no longer subject to the annual CBR sweep. HB 281 included a \$342.5 million FY22 supplemental transfer to the Higher Education Investment Fund. This fund change restores Treasury Division charging ten basis points to the HEIF.
4	Taxation and Treasury / Permanent Fund Dividend Division	Dividend Application Information System Maintenance and Support	\$326.4 PFD Fund (Other)	The PFD Division has a capital project in progress to update the Dividend Application Information System. The original system is built on an outdated environment that no longer meets State standards. The \$1.5 million capital project, originating in FY14, moves the system to an environment consistent with current PFD web applications and other State systems. The capital project is nearing completion, and this operating increment will fund ongoing contractual services for maintenance and support. The Division is

Department of Revenue
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Taxation and Treasury / Permanent Fund Dividend Division	Dividend Application Information System Maintenance and Support	\$326.4 PFD Fund (Other)	(continued) working with the contractor on estimating remaining capital outlays for completion of the system update, and any unobligated funds will be returned to the Dividend Fund.
5	Child Support Services / Child Support Enforcement Division	Change Allocation Name to Child Support Enforcement Division	n/a	The Governor's FY24 proposed budget changes the allocation name from "Child Support Services Division" to "Child Support Enforcement Division." OMB's change record detail includes a transaction to also change the name at the appropriation level, but the Governor's bill only includes the name change at the allocation level. The Division states that the name change aligns with its primary function and matches the corresponding federal agency, the Office of Child Support Enforcement.
6	Administration and Support / Criminal Investigations Unit	Transfer Authority From PFD and Tax Divisions to Criminal Investigations Unit and Eliminate RSA	Net Zero \$781.6 Gen Fund (UGF) (\$1,250.9) I/A Rpts (Other) \$469.3 PFD Fund (Other)	In the FY23 budget, the Criminal Investigations Unit billed the Tax Division and PFD Division through a reimbursable service agreement (RSA). The Governor's FY24 proposed budget eliminates the existing RSA and instead transfers authority from the Tax Division and PFD Division to the Criminal Investigations Unit. This item is a change in funding source and does not represent any change in functions performed.
7	Alaska Housing Finance Corporation / AHFC Operations	Expanded Federal Authority for Section 8 Housing Choice Voucher Program	\$4,340.0 Fed Rpts (Fed)	AHFC has two requests for increased federal receipt authority in Housing and Urban Development Section 8 programs: 1. \$3,000.0 to fund 25 additional vouchers under the "Fair-Share" program and other initiatives. Initiatives include assisting participants in locating affordable housing units, security deposit assistance, and supplemental rental assistance. 2. \$1,340.0 for annual increases in utilities, property tax, and maintenance costs for homes covered under Section 8 programs.
8	Alaska Housing Finance Corporation / Various	HB 226 5% Cost of Living Allowance Adjustment	Total: \$2,166.6 \$809.0 Fed Rpts (Fed) \$117.3 CIP Rpts (Other) \$1,240.3 AHFC Rpts (Other)	The Legislature enacted HB 226 (Ch. 50, SLA 2022) which provides a five percent Cost of Living Adjustment (COLA) for all exempt and partially exempt staff in all three branches of State government, effective in FY2023. While AHFC does not require statutory authority to implement a COLA, AHFC has historically adopted COLAs to match those received by exempt State employees. No funding was provided

Department of Revenue
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Alaska Housing Finance Corporation / Various	HB 226 5% Cost of Living Allowance Adjustment	Total: \$2,166.6 \$809.0 Fed Rcpts (Fed) \$117.3 CIP Rcpts (Other) \$1,240.3 AHFC Rcpts (Other)	(continued) to AHFC in the HB 226 fiscal note, so this increment would allow AHFC to provide COLAs commensurate with HB 226.
9	Alaska Permanent Fund Corporation / APFC Operations	Tri-Annual Workstation Replacement	\$239.7 PF Gross (Other) IncOTI	APFC workstation replacement occurs on a three-year cycle, and all workstations are scheduled to be replaced in FY24. The APFC Board of Director's budget proposal estimates this will cost \$229.0. This one-time increment also includes \$10.7 to account for increased costs of office supplies and subscriptions.
10	Alaska Permanent Fund Corporation / APFC Operations	Consulting & IT Improvements	\$251.0 PF Gross (Other)	APFC's budget proposal includes various changes to contractual services, leading to a net increase of \$251.0: 1. \$20.5 in audit, legal, and consulting fees. The increase is mostly due to aligning Investment Advisory Group budgeting with actuals. FY22 actual expenses for the Investment Advisory Group exceeded the budgeted amount by \$18.0. 2. \$51.6 for public communications. The communications consultant contract is up for renewal at the end of FY23. A 15% increase has been estimated due to a combination of inflationary pressures across the services industry and APFC's increased visibility. The growth also considers preparations under the new contract to recognize the Fund's 50th Anniversary in November 2026. 3. \$32.3 to support an increased number of Board meetings in FY24. 4. \$150.0 for a new fire suppression system in the Juneau data center. 5. \$10.0 to expand recruitment postings to specialized websites. 6. \$9.4 for increased training and education for employees. 7. (\$22.8) savings in office support resulting from DOR pass-through charges.
11	Alaska Permanent Fund Corporation / APFC Operations	APFC Board Proposals not Included in Governor's Budget	n/a	The FY24 proposed budget approved by the Alaska Permanent Fund Corporation (APFC) Board of Trustees included multiple items not included in the

Department of Revenue
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Alaska Permanent Fund Corporation / APFC Operations	APFC Board Proposals not Included in Governor's Budget	n/a	<p>(continued) Governor's budget proposal:</p> <ol style="list-style-type: none"> \$914.0 to increase base salary funding by 8% overall. \$685.5 would be distributed at managers' discretion based on merit. The remaining \$228.5 would fund targeted salary adjustments for specific positions where compensation is found to be substantially below market rates. \$1,200.0 to increase incentive compensation for investment staff. \$1,600.0 for incentive compensation is included in the base budget, so this proposal would bring the total amount available to \$2,800.0. This funding represents a maximum possible amount, as bonuses are only paid based on performance relative to benchmarks. At the December 2022 Quarterly Meeting, the APFC Board voted to update the incentive compensation policy, including allowing bonuses to be paid in years with negative returns. The Board also voted to retrospectively apply the change to FY22 returns, allowing for payment of the FY22 Performance Bonuses (which are paid out in FY23) conditional on communications with Legislative Leadership and the Administration. While APFC outperformed benchmarks in FY22, it saw a negative overall return, and the bonus program policy at the time did not allow bonus payments for years with negative returns. \$500.0 to expand incentive compensation eligibility to all staff. Currently only investment staff qualify for incentive compensation. \$181.1 in additional travel expenses, due to increased staffing and inflationary pressures. The Governor's FY24 budget proposal has \$800.0 in total travel expenses, the same as FY23.
12	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Investment Management Fees	(\$3,004.4) PF Gross (Other)	<p>APFC's proposed budget for the Investment Management Fees allocation includes multiple changes, leading to a net decrease of (\$3,004.4). Investment fees are estimated based on fund value projections, and APFC budgets cautiously to ensure that it can meet its obligations to external parties.</p> <ol style="list-style-type: none"> \$2,000.0 for creation and maintenance of a data repository. The amount is based on preliminary

Department of Revenue
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
12	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Investment Management Fees	(\$3,004.4) PF Gross (Other)	(continued) estimates from a potential vendor. The repository would combine all proprietary and external data into a single platform. 2. \$757.5 to account for increased costs of existing subscriptions to analytical and risk management tools. 3. \$2,303.8 due to increasing assets under management in alternative investments. 4. (\$8,464.9) in savings due to bringing fixed income in-house and ending contracts with external managers. 5. \$400.0 as a placeholder to potentially outsource middle-office functions. APFC has experienced significant turnover in their middle-office, which oversees trade operations. Consistent middle-office support is essential to operations, and APFC maintains that it is important this authority is available, since it is still determining whether current in-house expertise remains resilient to turnover. 6. (\$0.8) in savings due to reduced projected real estate and public equities fees.

**2023 Legislature - Operating Budget
Appropriation Summary - Governor Structure**

**Numbers and Language
Agencies: DOT/PF**

Appropriation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Transportation									
Division of Facilities Services	99,813.9	99,935.6	99,935.6	100,473.9	100,473.9	538.3	0.5 %	0.0	
Administration and Support	52,702.2	53,346.2	53,346.2	53,600.8	54,697.9	1,351.7	2.5 %	1,097.1	2.0 %
Design, Engineering & Constr	120,905.6	121,576.4	121,576.4	124,104.4	124,104.4	2,528.0	2.1 %	0.0	
State Equipment Fleet	36,233.4	36,330.2	36,330.2	36,917.3	36,981.3	651.1	1.8 %	64.0	0.2 %
Highways/Aviation & Facilities	168,054.4	168,351.7	168,351.7	164,912.1	168,718.7	367.0	0.2 %	3,806.6	2.3 %
International Airports	96,284.8	96,653.7	96,653.7	97,915.0	110,585.9	13,932.2	14.4 %	12,670.9	12.9 %
Marine Highway System	143,831.2	164,260.8	164,260.8	144,543.2	158,107.8	-6,153.0	-3.7 %	13,564.6	9.4 %
Agency Unallocated	2,210.7	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	720,036.2	740,454.6	740,454.6	722,466.7	753,669.9	13,215.3	1.8 %	31,203.2	4.3 %
Statewide Total	720,036.2	740,454.6	740,454.6	722,466.7	753,669.9	13,215.3	1.8 %	31,203.2	4.3 %
Funding Summary									
Unrestricted General (UGF)	140,457.4	160,704.1	160,704.1	139,911.1	152,367.5	-8,336.6	-5.2 %	12,456.4	8.9 %
Designated General (DGF)	48,551.7	48,558.9	48,558.9	49,122.2	62,776.8	14,217.9	29.3 %	13,654.6	27.8 %
Other State Funds (Other)	423,213.3	423,343.0	423,343.0	429,121.1	442,770.6	19,427.6	4.6 %	13,649.5	3.2 %
Federal Receipts (Fed)	107,813.8	107,848.6	107,848.6	104,312.3	95,755.0	-12,093.6	-11.2 %	-8,557.3	-8.2 %

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Division of Facilities Services / Various	Consolidated Facility Services Allocations	n/a	<p>The Department has proposed consolidating the Division of Facilities Services (DFS) budgeted components into two main components: Facilities Services, which will contain all publicly-owned facilities within the DFS portfolio and all facility activities of all kinds and types; and Leases, which will contain all direct leasing authority and activities.</p> <p>This will reduce the number of components under DFS from six to two and reduce the number of split positions. The Department believes that this will result in efficiency by handling fewer budgeted components and enable better visibility into leasing costs vs. facility costs.</p>
2	Administration and Support / Highway Safety Office	Create New Highway Safety Office Allocation	n/a	<p>This new allocation is created by the Department to address safety issues throughout the state's roadway network and throughout the Department. The Department anticipates that the team of six permanent full-time positions and \$805.4 of CIP receipts transferred from Program Development into this new allocation will address the health and well-being of Alaska's people through programs aimed at saving lives and preventing injuries on Alaska's highways, sidewalks, and bike lanes. The Department indicates that the Highway Safety Office and Agency Safety Officers will oversee fully integrated health and safety programs at the Department to ensure consistency and compliance with results-based policies and programs.</p> <p>Fiscal Analyst Comment: The Highway Safety Office has previously existed within the Program Development allocation. The Department is proposing to move it to a separate allocation.</p> <p>Items 2 and 3 are related.</p>
3	Administration and Support / Statewide Safety and Emergency Management	Create New Statewide Safety and Emergency Management Allocation	n/a	<p>This new allocation will have one permanent full-time Program Coordinator 2 position which is transferred from the Commissioner's Office.</p> <p>Items 2 and 3 are related.</p>

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Highways, Aviation and Facilities / Various	Reverse One-Time Fund Source Swap to Utilize Federal Aviation Administration CARES Act Funding and Displace UGF	Net Zero \$4,190.0 Gen Fund (UGF) (\$4,190.0) COVID Fed (Fed)	The Department used the last of the available Federal FAA CARES funding in FY23. In order to maintain service levels, the one-time use of federal funding is reversed. This fund change takes place in the following allocations: Northern Region- \$2,621.0 Southcoast Region- \$1,569.0
5	Highways, Aviation and Facilities / Various	One-Time Fund Source Swap to Utilize Federal Relief Funding and Displace UGF	Net Zero (\$9,827.1) Gen Fund (UGF) \$9,827.1 COVID Fed (Fed)	This one-time fund source swap of UGF to federal relief funding (ARPA & CRRSAA) will be used for purposes directly related to airports. Such purposes can include the reimbursement of an airport's operational and maintenance expenses. Funding is included in the following allocations: Central Highways and Aviation: \$2,978.3 Northern Highways and Aviation: \$3,944.3 Southcoast Highways and Aviation: \$2,904.5 This is a decrease in one-time federal funding from \$14,668.0 in FY23 and \$11,507.9 in FY22. The decrease of \$4,840.9 in federal funding from FY23 is reflected in the following allocations: Central Highways and Aviation: \$1,179.6 Northern Highways and Aviation: \$2,561.3 Southcoast Highways and Aviation: \$1,100.0 To maintain current levels of service the federal receipt authority will need to be replaced with general fund at the expiration of the federal relief funding.
6	Highways, Aviation and Facilities / Central Region Highways and Aviation	Maintenance and Operations Funding for Silvertip Maintenance Station	\$620.0 Gen Fund (UGF)	In 2019, the Silvertip maintenance station was closed and was later reopened using one-time increments in FY22 and FY23. The Department asserts that funding this station will produce improved service level conditions, safety, efficiency in winter maintenance service delivery, and response time to adverse weather events. It also anticipates that this station will improve roadway safety conditions during the winter months, primarily on Priority 2 routes, and help these districts meet statewide service delivery targets. Fiscal Analyst Comment: The station was funded in FY22 using one-time COVID relief funding, and UGF

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Highways, Aviation and Facilities / Central Region Highways and Aviation	Maintenance and Operations Funding for Silvertip Maintenance Station	\$620.0 Gen Fund (UGF)	(continued) as a one-time item in FY23. This increment would place the funding into the base budget going forward.
7	Highways, Aviation and Facilities / Various	One-Time Commodities Increases	\$1,334.9 Gen Fund (UGF)	<p>Since the COVID pandemic, highway construction costs have increased 16.8 percent. This has had a direct impact on the cost of highway maintenance and operations.</p> <p>Examples of cost increases (in whole dollars): 33% - Sodium Acetate-Formate (per ton): Bethel FY20 \$2,049.89 FY21 \$2,249.83 FY22 \$2,744.77 28% - Sodium Formate (per ton): AIA FY20 \$1,782.45 FY21 \$1,957.00 FY22 \$2,295.00 86% - Highway Sand (per ton): Statewide FY20 \$24.78 FY21 \$37.90 FY22 \$46.26 54% - Water Based Traffic Marking Paint (per gallon): Statewide FY20 \$20.01 FY21 \$21.50 FY22 \$31.01 42% - Blades (regular curved per edge): Statewide FY20 \$107.55 FY21 \$106.53 FY22 \$153.57</p> <p>The Department requests this one-time increment for the following regions based on their highway maintenance and operations needs:</p> <p>Central Region - \$531.1 Northern Region - \$514.1 Southcoast Region - \$289.7</p> <p>Fiscal Analyst Comment: Given the nature of commodity pricing and inflationary trends it is highly unlikely that these will be a one-time cost increase. While this can be a one-time funded item it will likely remain an ongoing expense for the Department in future years.</p>
8	Highways, Aviation and Facilities / Northern Region Highways and Aviation	Ice Road Maintenance	\$200.0 Gen Fund (UGF)	<p>In FY23 the legislature appropriated a total of \$200.0 in one-time UGF funding for ice roads. This increment would add that funding into the base budget to support ice road transportation access to Northwest communities.</p> <p>Fiscal Analyst Comment: Prior to the passage of the Infrastructure Investment and Jobs Act (IIJA) in 2022,</p>

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Highways, Aviation and Facilities / Northern Region Highways and Aviation	Ice Road Maintenance	\$200.0 Gen Fund (UGF)	(continued) the federal government viewed ice roads as a non-permanent infrastructure project and therefore ineligible for the State Transportation Improvement Plan (STIP), which is the mechanism for distributing federal highway funding being provided to the State. Starting in FY22, IJA specifically set aside \$2 million annually for a new Ice Roads & Seasonal Roads Maintenance Program in the STIP to provide communities with funding necessary to maintain and operate their ice roads and other seasonal roads. At the time of the FY23 budget no ice road projects were on the STIP yet because they were previously ineligible. It will take some time to populate the list with eligible federally-approved projects. The Department solicited projects in November 2022. This may reduce or eliminate the need for UGF funding for ice road projects in future years.
9	Highways, Aviation and Facilities / Northern Region Highways and Aviation	Maintenance and Operations Funding for Chitina and Birch Lake Maintenance Stations	\$794.6 Gen Fund (UGF)	The Birch Lake and Chitina maintenance stations were closed in 2016 as a budget reduction measure. These stations were reopened using one-time increments in FY22 and FY23. The Department reports that reopening these stations resulted in better service level conditions and improved safety by reducing travel time and improving response time to adverse weather events. Fiscal Analyst Comment: The Stations were funded in FY22 using one-time COVID relief funding, and UGF as a one-time item in FY23. This increment would place the funding into the base budget going forward.
10	Highways, Aviation and Facilities / Southcoast Region Highways and Aviation	Maintenance Agreement Cost Increase at King Salmon Airport	\$868.2 Fed Rcpts (Fed)	Southcoast Region Highways and Aviation contracts with the United States Air Force (USAF) for runway maintenance and snow removal in King Salmon. Historically, the State used commodities and equipment owned by the USAF for runway maintenance. Following the latest contract negotiation, the State will now purchase commodities and use State-owned equipment and submit all expenditures for reimbursement by the USAF. This requires an increase in federal receipt authority in order for the Department to accept these federal reimbursement funds.

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	International Airports / Various	International Airport Funding for New Positions	\$2,762.6 IntAirport (Other)	<p>The Department is requesting funding authority for 25 permanent full-time positions, and four permanent part-time positions across multiple allocations originally created in the FY23 Management Plan. These positions were added primarily to AIA Facilities to maintain and support an increase in operations as well as dispatchers in AIA safety to make sure there is adequate coverage with no significant gaps in service when staff take personal leave.</p> <p>The following positions were added in the FY23 Management Plan:</p> <ul style="list-style-type: none"> Accounting Technician Airport Leasing Specialist Microcomputer/Network Technicians-2 Maintenance Specialist Journey Maintenance Generalist Journey Environmental Services Journey-2 Database Specialist Airport Operations Specialists- 3 Airport Operations Superintendent Emergency Services Dispatcher Criminal Justice Technician Airport Police & Fire Administrative Assistants- 2 Equipment Operators- 7
12	International Airports / Various	International Airport Mission Critical Incentive Pay Increases	\$3,930.4 IntAirport (Other)	<p>Mission critical incentive pay (providing an additional 30 percent of eligible employees' base hourly rate of pay for all hours worked) increases are proposed in the following allocations:</p> <ul style="list-style-type: none"> AIA Facilities- \$1,092.2 AIA Field & Equipment Maintenance- \$2,178.7 AIA Safety- \$150.0 FIA Facilities- \$159.0 FIA Field & Equipment Maintenance- \$350.5
13	International Airports / Various	International Airport Operational Increases	<p>Total: \$5,877.9</p> <p>\$200.0 Fed Rcpts (Fed)</p> <p>\$5,677.9 IntAirport (Other)</p>	<p>The Department is proposing increases for contractual costs, commodity cost increases, and equipment replacement in the following allocations:</p> <ul style="list-style-type: none"> Anchorage Airport Administration- \$50.0 Anchorage Airport Facilities- \$1,627.8 Anchorage Airport Field & Equipment Maintenance-

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
13	International Airports / Various	International Airport Operational Increases	Total: \$5,877.9 \$200.0 Fed Rcpts (Fed) \$5,677.9 IntAirport (Other)	(continued) \$3,305.0 Anchorage Airport Operations- \$42.6 Anchorage Airport Safety- \$268.2 Fairbanks Airport Administration- \$19.3 Fairbanks Airport Facilities- \$26.2 Fairbanks Airport Field & Equipment Maintenance- \$173.8 Fairbanks Airport Operations- \$150.0 Fairbanks Airport Airport Safety- \$215.0
14	Marine Highway System / Marine Vessel Operations	Alaska Marine Highway System Calendar Year 2024 Operating Budget	\$13,564.6 Marine Hwy (DGF)	<p>The proposed CY24 operating budget represents no service gaps, providing consistent service levels to communities throughout the year. The Department anticipates that vessels will only be out of service for regular maintenance and operating services, not as a cost savings measure. This increase in funding matches the recommendation of the Alaska Marine Highway Advisory Board.</p> <p>In FY22, the AMHS operating budget shifted from running on the State fiscal year to running on the calendar year (January 1- December 31), allowing for better system planning, service, and full-year advanced schedule releases. In FY24, federal receipts will be available through the Infrastructure Investment and Jobs Act (IIJA). The act provides up to \$196 million per year over 5 years in competitive grants that can be used for operating as well as capital needs. At the time of publication, the exact amount that will be awarded is unknown. The Department has applied for \$44.8 million in FY23 federal funding based on the State's eligible operating expenses outlined in federal guidance. Alaska is currently the only state that is eligible for the program. The Secretary of Transportation is granted flexibility to waive eligibility requirements. Because of this, there is no guarantee that Alaska will receive the full amount of available grants or be limited by the current cap on eligible operating costs.</p> <p>The total current CY23 funding level for AMHS is \$143,831.2 with \$60.4 million in UGF and \$82.9 million in Federal funding authority. This would leave roughly a \$38 million budget gap between the</p>

Department of Transportation and Public Facilities
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
14	Marine Highway System / Marine Vessel Operations	Alaska Marine Highway System Calendar Year 2024 Operating Budget	\$13,564.6 Marine Hwy (DGF)	<p>(continued)</p> <p>estimated maximum federal funding available and the federal receipt authority. The Governor's bill in CY23 includes backfill language allowing \$20 million of this gap to be covered with UGF. This could leave a \$17 million gap that would need to be filled by a FY23 supplemental appropriation.</p> <p>The total proposed CY24 funding level for AMHS is \$158,107.8 with \$60.4 million in UGF and \$83.2 million in Federal funding authority. This would leave another roughly \$38 million budget gap between the estimated maximum Federal funding available and the federal receipt authority in the AMHS budget. The Governor's bill includes open-ended language that would fill this estimated gap with AMHS fund receipts. Depending on how much of the AMHS fund is spent to make up for the potential CY23 gap, there may be an insufficient fund balance to meet all of the AMHS needs in CY24. The estimated fund balance at the end of CY22 is \$48 million, with estimated CY23 revenue of \$53 million.</p> <p>Fiscal Analyst Comment: Historically AMHS has increased and decreased levels of service based on State funding levels. More recently the system has faced reduced scheduling, mechanical failures, and personnel losses that have created a cycle of reduced service. In the short-term there are indications that increased funding will not have an immediate substantial impact on service levels because vacant crew positions will limit expansion. As newer more reliable vessels come on line and increased service levels create more stable year round employment, these trends may be reversed.</p> <p>The system has seen considerable challenges in hiring and retaining skilled crew and this will have a substantive impact on its ability to provide regular and reliable service in CY24. Currently around half of all budgeted AMHS positions are vacant. Because of unfilled positions, much of the inflationary pressure on the AMHS budget through things like increased fuel costs can be absorbed within the personal services</p>

Department of Transportation and Public Facilities

FY2024 - Summary of Significant Budget Issues

(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
14	Marine Highway System / Marine Vessel Operations	Alaska Marine Highway System Calendar Year 2024 Operating Budget	\$13,564.6 Marine Hwy (DGF)	(continued) vacancy. As staffing issues improve, this will no longer be the case.

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Allocation Summary - Governor Structure**

**Numbers and Language
Agencies: Univ**

Allocation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
University of Alaska									
University of Alaska									
Systemwide Reduction/Additions	30,755.2	30,755.2	1.0	1.0	1.0	0.0		0.0	
Systemwide Services	30,037.0	30,037.0	32,987.1	33,700.6	33,700.6	713.5	2.2 %	0.0	
Office of Information Technology	16,377.7	16,377.7	18,179.6	18,460.1	18,460.1	280.5	1.5 %	0.0	
Anchorage Campus	244,619.5	243,783.6	246,612.4	249,221.6	250,248.6	3,636.2	1.5 %	1,027.0	0.4 %
Small Business Development Ctr	3,684.6	3,684.6	3,684.6	3,684.6	3,684.6	0.0		0.0	
Kenai Peninsula College	16,345.8	16,345.8	16,402.0	16,684.9	16,684.9	282.9	1.7 %	0.0	
Kodiak College	5,606.7	5,606.7	5,563.3	5,657.2	5,657.2	93.9	1.7 %	0.0	
Matanuska-Susitna College	13,461.2	13,461.2	13,490.8	13,709.6	13,709.6	218.8	1.6 %	0.0	
Prince William Sound College	6,311.6	6,311.6	6,298.4	6,433.3	6,433.3	134.9	2.1 %	0.0	
Fairbanks Campus	418,887.5	418,887.5	445,031.0	426,159.1	426,159.1	-18,871.9	-4.2 %	0.0	
Bristol Bay Campus	4,012.3	4,012.3	3,927.9	3,977.4	3,977.4	49.5	1.3 %	0.0	
Chukchi Campus	2,218.0	2,218.0	2,177.7	2,205.8	2,205.8	28.1	1.3 %	0.0	
College of Rural & Comm Dev	9,268.6	9,268.6	8,380.0	8,575.8	8,575.8	195.8	2.3 %	0.0	
Interior Alaska Campus	5,266.7	5,266.7	4,674.4	4,762.2	4,762.2	87.8	1.9 %	0.0	
Kuskokwim Campus	6,349.9	6,349.9	5,544.5	5,669.8	5,669.8	125.3	2.3 %	0.0	
Northwest Campus	4,981.5	4,981.5	4,689.6	4,753.1	4,753.1	63.5	1.4 %	0.0	
UAF Community and Tech College	12,466.5	12,466.5	12,437.6	12,708.4	12,708.4	270.8	2.2 %	0.0	
Education Trust of Alaska	4,239.8	4,239.8	5,648.8	5,669.9	5,669.9	21.1	0.4 %	0.0	
Juneau Campus	46,378.3	44,878.3	41,068.8	41,910.1	41,910.1	841.3	2.0 %	0.0	
Ketchikan Campus	5,218.9	5,218.9	5,627.3	5,241.0	5,241.0	-386.3	-6.9 %	0.0	
Sitka Campus	7,303.8	7,303.8	9,028.4	7,409.4	7,409.4	-1,619.0	-17.9 %	0.0	
Appropriation Total	893,791.1	891,455.2	891,455.2	876,594.9	877,621.9	-13,833.3	-1.6 %	1,027.0	0.1 %
Agency Total	893,791.1	891,455.2	891,455.2	876,594.9	877,621.9	-13,833.3	-1.6 %	1,027.0	0.1 %
Statewide Total	893,791.1	891,455.2	891,455.2	876,594.9	877,621.9	-13,833.3	-1.6 %	1,027.0	0.1 %
Funding Summary									
Unrestricted General (UGF)	321,077.0	318,741.1	318,741.1	301,390.4	301,438.4	-17,302.7	-5.4 %	48.0	
Designated General (DGF)	310,372.1	310,372.1	310,372.1	311,813.1	312,347.1	1,975.0	0.6 %	534.0	0.2 %
Other State Funds (Other)	75,116.1	75,116.1	75,116.1	75,065.5	75,510.5	394.4	0.5 %	445.0	0.6 %
Federal Receipts (Fed)	187,225.9	187,225.9	187,225.9	188,325.9	188,325.9	1,100.0	0.6 %	0.0	

University of Alaska
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	University of Alaska / Budget Reductions/ Additions - Systemwide	Building Capacity for Alaska's Workforce - University of Alaska Anchorage Expanding WWAMI	Total: \$582.0 \$48.0 Gen Fund (UGF) \$534.0 Univ Rcpt (DGF)	<p>The University of Alaska (University) is requesting additional funding to expand the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) Medical Education Program. WWAMI is a cooperative program between states that is designed to build workforce capacity. The University indicates that this increment is sufficient for current plans and is necessary for curriculum, training materials, and supplies. WWAMI has plans to add ten students beginning in FY25, increasing the class size from 20 to 30.</p> <p>This item has two related requests. First, the Department of Education and Early Development (DEED) includes an increment of \$1,647.5 Higher Education funding for WWAMI to provide tuition assistance for up to up to ten students. Second, there is a University request in the capital budget for \$2,000.0 of general funds which would be used to complete the renovation and expansion of clinical space on the Anchorage Campus.</p>
2	Various	Distribution of General Funds University of Alaska	n/a	<p>In FY23, the enacted budget included total of \$16.7 million of UGF increases to the University (not including short-term project funding in the language section), including a \$2.7 million increase for fixed costs in rural campuses that was distributed to those campuses. Additionally, the University structure changed in FY23 as a single-appropriation structure was adopted, allowing for greater flexibility in transferring funds between campuses. In the FY23 Management Plan, the University rebalanced UGF funding across allocations. All UGF was transferred from various allocations to the Systemwide Reduction/ Additions allocations, and then redistributed to the campuses. Comparing the FY22 Management Plan to the FY23 Management Plan, every campus except for Juneau saw a net increase in base UGF funding due to the increased total systemwide.</p> <p>A total of \$288,941.1 UGF was redistributed between the FY23 Authorized budget and the FY23 Management Plan. The net change from those transfers, and the percentage of that change in relationship to each allocation's budget, is as follows:</p>

University of Alaska
FY2024 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Various	Distribution of General Funds University of Alaska	n/a	(continued) Systemwide Services: \$2,791.6, 43.2%; Office of Information Technology: \$1,801.9, 36.8%; Anchorage Campus: \$2,301.9, 2.6%; Kenai Peninsula College: (\$15.6), -0.2%; Kodiak College: (\$1.9), -0.1%; Matanuska-Susitna College: (\$23.6), -0.5%; Prince William Sound College: (\$6.9), -0.3%; Fairbanks Campus: (\$2,484.7), -1.9%; Bristol Bay Campus: (\$23.0), -2.0%; Chukchi Campus: (\$20.3), -3.2%; College of Rural and Community Development: (\$13.6), -0.3%; Interior Alaska Campus: (\$39.6), -2.9%; Kuskokwim Campus: (\$81.4), -3.3%; Northwest Campus: (\$36.3), -3.0%; UAF Community and Technical College: (\$9.6), -0.2%; Juneau Campus: (\$3,866.3), -17.8%; Ketchikan Campus: (\$125.4), -6.6%; and Sitka Campus: (\$147.2), -6.5%.

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Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Allocation Summary - Governor Structure**

**Numbers and Language
Agencies: Judiciary**

Allocation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Judiciary									
Alaska Court System									
Appellate Courts	8,357.5	9,000.8	9,000.8	9,096.7	9,096.7	95.9	1.1 %	0.0	
Trial Courts	98,084.7	107,466.9	107,466.9	106,616.7	108,771.3	1,304.4	1.2 %	2,154.6	2.0 %
Administration and Support	11,574.0	12,620.4	12,620.4	12,748.2	12,802.9	182.5	1.4 %	54.7	0.4 %
Appropriation Total	118,016.2	129,088.1	129,088.1	128,461.6	130,670.9	1,582.8	1.2 %	2,209.3	1.7 %
Therapeutic Courts									
Therapeutic Courts	7,001.7	7,146.4	7,146.4	7,190.5	7,821.9	675.5	9.5 %	631.4	8.8 %
Appropriation Total	7,001.7	7,146.4	7,146.4	7,190.5	7,821.9	675.5	9.5 %	631.4	8.8 %
Commission on Judicial Conduct									
Commission on Judicial Conduct	475.3	511.9	511.9	516.1	516.1	4.2	0.8 %	0.0	
Appropriation Total	475.3	511.9	511.9	516.1	516.1	4.2	0.8 %	0.0	
Judicial Council									
Judicial Council	1,417.1	1,515.7	1,515.7	1,528.6	1,528.6	12.9	0.9 %	0.0	
Appropriation Total	1,417.1	1,515.7	1,515.7	1,528.6	1,528.6	12.9	0.9 %	0.0	
Judiciary Unallocated									
Unallocated Rates Adjustment	40.7	0.0	0.0	0.0	0.0	0.0		0.0	
Appropriation Total	40.7	0.0	0.0	0.0	0.0	0.0		0.0	
Agency Total	126,951.0	138,262.1	138,262.1	137,696.8	140,537.5	2,275.4	1.6 %	2,840.7	2.1 %
Statewide Total	126,951.0	138,262.1	138,262.1	137,696.8	140,537.5	2,275.4	1.6 %	2,840.7	2.1 %
Funding Summary									
Unrestricted General (UGF)	123,211.3	134,522.4	134,522.4	133,952.1	136,208.1	1,685.7	1.3 %	2,256.0	1.7 %
Designated General (DGF)	518.0	518.0	518.0	518.0	518.0	0.0		0.0	
Other State Funds (Other)	2,246.1	2,246.1	2,246.1	2,251.1	2,531.1	285.0	12.7 %	280.0	12.4 %
Federal Receipts (Fed)	975.6	975.6	975.6	975.6	1,280.3	304.7	31.2 %	304.7	31.2 %

Judiciary

FY2024 - Summary of Significant Budget Issues (\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Court System / Trial Courts	Increased Maintenance and Operating Expenses	\$750.8 Gen Fund (UGF)	This increment combines several increased costs to maintain existing service levels: 1. \$143.5 for Consumer Price Index increases for leases; 2. \$254.8 for utilities, service contracts, and facility maintenance; 3. \$187.1 for a Service Level Agreement with the Department of Transportation and Public Facilities to maintain courts in Anchorage, Kenai, Fairbanks, and Palmer; and 4. \$165.4 for software maintenance and subscription costs.
2	Alaska Court System / Trial Courts	Increased Security Screening Costs	\$470.0 Gen Fund (UGF)	In FY23, the court system received an increment of \$225.0 to ensure court security screeners were paid a minimum of \$15 per hour. However, subsequent procurement for the security services contracts revealed that a base minimum amount of \$20 per hour is needed to attract screeners.
3	Alaska Court System / Trial Courts	Standing Master/Magistrate Judge to Handle Cases in Palmer	\$294.3 Gen Fund (UGF) 2 PFT Positions	The probate caseload in Palmer has been escalating - primarily due to mental health commitments and estate matters. Palmer is staffed by four superior court judges, and the FY22 superior court caseload per judicial officer is the highest in the state at 741 cases per judge. Hiring a magistrate judge to serve as a standing master to focus on probate cases will reduce the pressure on the superior court judges with their other criminal and civil cases, and will help resolve the growing number of probate cases. To support the master, the court system is also requesting a range 12 clerical position.
4	Alaska Court System / Trial Courts	Court Appointed Attorneys Hourly Rate Increase	\$123.2 Gen Fund (UGF)	This item increases the rate paid to court appointed attorneys from \$75 to \$100 per hour. This rate has not been changed since FY08, while the consumer price index has increased by 30% over that span. For comparison, the Office of Public Advocacy pays court-appointed attorneys \$85 to \$115 per day, so \$100 is the midpoint of that range.
5	Alaska Court System / Trial Courts	Increase for Juror Meal Allowances	\$66.3 Gen Fund (UGF)	Jurors who travel to perform jury service are eligible for a meal voucher. Primarily, this applies to rural jurors who travel to Bethel from other communities. At the previous rate of \$60 per day, the court system had difficulty finding restaurants who would accept

Judiciary

FY2024 - Summary of Significant Budget Issues

(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Alaska Court System / Trial Courts	Increase for Juror Meal Allowances	\$66.3 Gen Fund (UGF)	(continued) the meal voucher. In FY23, the court system increased the vouchers by \$7 per meal, to \$81 per day.
6	Alaska Court System / Trial Courts	Support the Provision of Government Services with Coronavirus State and Local Fiscal Recovery Funds	Net Zero (\$10,586.3) Gen Fund (UGF) \$10,586.3 ARPA Rev R (UGF)	One of the allowable uses for the State's allocation from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) within ARPA is replacing revenue lost due to the COVID-19 pandemic. This funding can be used for any cost of State government that is within the scope of normal government operations. To avoid distorting the budget, the funds used for revenue replacement are appropriated to the general fund, and a UGF tracking code (1271) is used for activities that fit the federal requirements, adding up to the total amount of revenue replaced. Since fund code 1271 is just a UGF fund tracking code, there is no impact on the agency's operations. The fund change will be reversed in the FY25 Adjusted Base. The Governor's FY24 budget utilizes the remaining balance of CSLFRF funds for revenue replacement in the Trial Courts. This amount is available primarily due to lapsed appropriations for the same purpose in FY22.
7	Therapeutic Courts / Therapeutic Courts	Treatment and Supervision Costs for Therapeutic Courts	\$102.7 GF/MH (UGF)	The therapeutic courts are requesting additional funding to provide expanded treatment and supervision costs in several locations: 1. \$25.0 for increased treatment services in Kenai; 2. \$20.0 for increased treatment services in Sitka; 3. \$15.2 for enhanced supervision of participants through electronic monitoring and additional urinalysis testing; and 4. \$42.5 to continue support services previously provided to the Palmer Families with Infants and Toddlers Court through the MatSu Health Foundation.
8	Therapeutic Courts / Therapeutic Courts	Executive Branch Staff to Support Therapeutic Courts	\$448.7 GF/MH (UGF)	More than half of the staff working with the Therapeutic Courts are contracted State of Alaska attorneys and probation officers. The court system pays for these services through Reimbursable Services Agreements (RSAs). The executive branch attorneys who work with the Therapeutic Courts received a 20.75% salary increase in FY23, and the probation officers and other staff working in the Division of Behavioral Health received a 5% increase. Funding for

Judiciary

**FY2024 - Summary of Significant Budget Issues
(\$ thousands)**

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Therapeutic Courts / Therapeutic Courts	Executive Branch Staff to Support Therapeutic Courts	\$448.7 GF/MH (UGF)	(continued) these salary increases and the related benefits (health insurance and PERS) is budgeted by the court system and transferred to the agencies via RSAs.

Legislative Fiscal Analyst's Overview of the Governor's FY2024 Request

**2023 Legislature - Operating Budget
Allocation Summary - Governor Structure**

**Numbers and Language
Agencies: Legis**

Allocation	[1] 23 CC	[2] 23 Auth	[3] 23MgtP1n	[4] Adj Base	[5] 24Gov	[5] - [3] 23MgtP1n to 24Gov	[5] - [4] Adj Base to 24Gov		
Legislature									
Budget and Audit Committee									
Legislative Audit	6,601.8	6,910.7	6,910.7	7,041.5	7,041.5	130.8	1.9 %		0.0
Legislative Finance	7,648.0	7,990.6	7,990.6	8,142.5	8,142.5	151.9	1.9 %		0.0
Committee Expenses	1,934.1	1,954.7	1,954.7	1,964.9	1,964.9	10.2	0.5 %		0.0
Appropriation Total	16,183.9	16,856.0	16,856.0	17,148.9	17,148.9	292.9	1.7 %		0.0
Legislative Council									
Administrative Services	9,779.3	10,155.0	10,155.0	10,386.3	10,386.3	231.3	2.3 %		0.0
Council and Subcommittees	695.3	1,806.3	1,806.3	710.4	710.4	-1,095.9	-60.7 %		0.0
Legal and Research Services	4,829.7	5,437.1	5,437.1	5,540.1	5,540.1	103.0	1.9 %		0.0
Select Committee on Ethics	264.4	273.8	273.8	278.2	278.2	4.4	1.6 %		0.0
Office of Victims Rights	1,053.9	1,097.9	1,097.9	1,120.1	1,120.1	22.2	2.0 %		0.0
Ombudsman	1,484.6	1,542.0	1,542.0	1,573.4	1,573.4	31.4	2.0 %		0.0
LEG State Facilities Rent	1,539.7	1,539.7	1,539.7	1,539.7	1,539.7	0.0			0.0
Integrated Technology Services	4,313.5	4,498.4	4,498.4	4,574.1	4,574.1	75.7	1.7 %		0.0
Security Services	1,000.0	1,038.7	1,038.7	1,064.9	1,064.9	26.2	2.5 %		0.0
Appropriation Total	24,960.4	27,388.9	27,388.9	26,787.2	26,787.2	-601.7	-2.2 %		0.0
Legislative Operating Budget									
Leg Salaries and Allowances	6,402.0	6,402.0	6,402.0	6,579.7	6,579.7	177.7	2.8 %		0.0
Legislative Operating Budget	10,323.5	10,713.7	10,713.7	11,055.0	11,055.0	341.3	3.2 %		0.0
Session Expenses	11,909.1	12,333.9	12,333.9	12,584.6	12,584.6	250.7	2.0 %		0.0
Appropriation Total	28,634.6	29,449.6	29,449.6	30,219.3	30,219.3	769.7	2.6 %		0.0
Legislature Unallocated									
Unallocated Rates Adjustment	72.8	0.0	0.0	0.0	0.0	0.0			0.0
Appropriation Total	72.8	0.0	0.0	0.0	0.0	0.0			0.0
Agency Total	69,851.7	73,694.5	73,694.5	74,155.4	74,155.4	460.9	0.6 %		0.0
Statewide Total	69,851.7	73,694.5	73,694.5	74,155.4	74,155.4	460.9	0.6 %		0.0
Funding Summary									
Unrestricted General (UGF)	69,112.0	72,954.8	72,954.8	73,415.7	72,742.0	-212.8	-0.3 %	-673.7	-0.9 %
Designated General (DGF)	344.9	344.9	344.9	344.9	367.3	22.4	6.5 %	22.4	6.5 %
Other State Funds (Other)	394.8	394.8	394.8	394.8	1,046.1	651.3	165.0 %	651.3	165.0 %

Legislature

FY2024 - Summary of Significant Budget Issues

(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Legislative Council / Office of Victims Rights	Replace General Funds Due to Increased Statutory Distribution of Restorative Justice Account Funding	<p>Net Zero</p> <p>(\$661.3) Gen Fund (UGF)</p> <p>\$661.3 Rest Just (Other)</p>	<p>The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.</p> <p>The calculation outlined under Alaska Statute (AS) 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those "forfeited funds" are available in the subsequent budget cycle for appropriation to eligible agencies.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order:</p> <p>10-13%: (Fund Cap) Crime Victims Compensation Fund - FY24 Gov is 13%</p> <p>2-6%: (Leg) Office of Victims' Rights - FY24 Gov is 4%</p> <p>1-3%: (DPS) Nonprofits for services for crime victims and domestic violence and sexual assault programs - FY24 Gov is 2%</p> <p>1-3%: (DOH) Nonprofits for mental health services and substance abuse treatment for offenders - FY24 Gov is 2%</p> <p>79-88%: (DOC) Costs related to incarceration or probation - FY24 Gov is 79%</p> <p>In the Office of Victims' Rights, the Governor's budget uses the added funding to offset general funds.</p>

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