

The Fiscal Year 1993 Budget:

**A legislative overview
of the governor's request**



Legislative Finance Division

TABLE OF CONTENTS

Spending Plan.....	1
Governor	17
Administration.....	19
Law.....	22
Revenue	24
Education.....	26
Health and Social Services.....	28
Labor	32
Commerce and Economic Development.....	34
Military and Veterans' Affairs.....	36
Natural Resources.....	38
Fish and Game.....	40
Public Safety	42
Transportation and Public Facilities.....	44
Environmental Conservation.....	46
Community and Regional Affairs.....	49
Corrections	51
University of Alaska.....	53
Alaska Court System	55
Commission on Judicial Conduct.....	57
Judicial Conduct.....	57
Alaska State Legislature.....	58

Note: This overview is of the governor's budget proposal made public on December 16, 1991.

SPENDING PLAN

The governor's proposed FY93 budget, presented to the Second Session of the Seventeenth Alaska Legislature on December 16, 1991, requires appropriations totaling \$3,665,437,100. Of this amount, \$2,476,479,200 or 67.6 percent, is unrestricted general fund. Compared with appropriations made during the 1991 session, this spending plan includes:

- an overall decrease of \$252,000,000 or 9.3 percent in General Fund and General Fund Program Receipts due, in part, to the lack of a capital budget submission at this time;
- increases of 2.1 percent in the operating budget and decreases of 11.5 percent in the debt service budgets and of 58.6 percent in loan programs; and
- \$70,906,200 of the General Fund is made up of program receipts representing a 25.4 percent increase over FY92.

OPERATING BUDGET

The operating budget includes two major segments: state agency operations and formula programs. The amount requested for agency operations in FY93 is \$1,229,932,700 which represents 52 percent of the operating budget. Formula programs are requested at \$1,138,978,000 or 48 percent of the operating budget.

State agency operations includes the actual costs of the administration of state government and the direct public services it provides. For FY93, the governor is proposing a 5 percent increase from the FY92 Authorized amount of \$1,170,982,200.

Formula programs are those which flow-through state agencies to municipalities and individuals, *e.g.* Education Support, Municipal Assistance, Revenue Sharing, Longevity Bonus, *etc.* By far the largest formula program is the School Foundation Program, which at \$523,647,500 in the governor's

The Fiscal Year 1993 Budget:

spending plan, accounts for 21.1 percent of the total general fund operating budget. Formula funded programs show an increase from FY92 Authorized of \$56,656,600 or 5.2 percent. Major increases are shown in the Medical and Public Assistance Programs, School Foundation Program, Power Cost Equalization, and Leasing. The governor has proposed funding the Permanent Fund Dividend Hold Harmless Program from general funds rather than the Permanent Fund which makes up \$15,984,800 of the increase for the formula programs.

Within personal services, the governor has asked most state agencies to absorb the FY93 cost of living (COLA) increases. Agencies have been allocated a 5 percent COLA increase and then required to absorb the increase within the respective budgets. The decision of whether a corresponding decrement to personal services would be taken or if other programs would be reduced or eliminated was left to the individual agencies. Agencies providing 24 hour services and the Court System were among those that were exempt from absorbing part or all of the COLA. The Office of Management and Budget has increased the maximum allowable vacancy rates attributable to each agency by 2 percent.

Computer chargeback costs have been transferred back to the agencies from the Department of Administration to make agencies more responsible for their computer information services costs. The allocations transferred may or may not be sufficient to cover agencies' computer processing needs in FY93. Due to the conversion of the computer and change in the rates used for billing, it is not likely that accurate projections will be available as to the need for additional funds at this time. In some instances agencies have already identified underfunding and have requested additional funds.

CAPITAL BUDGET

The governor has not submitted a capital budget at this time nor has any amount been earmarked for it.

LOAN PROGRAMS

The governor's proposed loan budget consists of two parts: (1) an expenditure item appropriating \$7,850,000 from General Fund to the

A legislative overview of the governor's request

Fisheries Enhancement Loan Fund (\$6,000,000) and the Alaska Clean Water Loan Fund (\$1,850,000), and (2) as a revenue measure appropriating \$1,258,000 from the cash balances of the Commercial Fishing Revolving Loan Fund to the General Fund. Both of these appropriations are included in the front section of the operating budget appropriation bill. The governor has not requested any funds for the Student Loan Program for FY93 which has typically been appropriated at \$10,000,000.

DEBT SERVICE

Debt service includes three elements: general obligation (GO) bond debt, school debt retirement, and lease payments.

General obligation bonds provide funds for a variety of capital improvements that have been authorized by law and ratified by the voters. Debt service requirements dropped sharply after 1990 as a result of the state limiting the maturities of state debt to conform with projected oil production generated from the Prudhoe Bay field. The amount needed for GO debt service for FY93 is \$59,768,187 or 12.6 percent less than the amount required in FY92 (see Debt Service Summary).

School debt retirement is a statutory program in which the State funds a portion of the debt retirement costs municipalities incur for school construction. For FY93 the governor proposes \$127,603,200 to fully fund eligible school debt retirement.

Lease payments are included in debt service to satisfy bond rating agency requirements. The FY93 request of \$11,250,220 includes payments for such facilities as the Spring Creek Correctional Center, the Seward Student Service Center, and the courthouse in Palmer. Payments to the Alaska State Housing Authority for lease of facilities constructed with the proceeds of lease revenue bonds are also included.

During the 1991 session the Debt Retirement Fund was created. All appropriations are made from the general fund to the Debt Retirement Fund and from that fund the actual debt payments are made. Note that the appropriations appear in the front section of the operating budget. The debt service portion of the budget is summarized below (shown in millions of dollars):

The Fiscal Year 1993 Budget:

Debt Service Summary

	<u>FY91</u> <u>ACTUAL</u>	<u>FY92</u> <u>AUTH</u>	<u>FY93</u> <u>GOV</u>
General Obligation	\$95.6	\$68.3	\$59.7
State Bond Committee			
Lease Payments	12.1	11.9	11.3
School Debt Retirement	116.7	129.0	127.6
Total	\$224.4	\$209.2	\$198.6

A legislative overview of the governor's request

FY92/93 GOVERNOR'S SPENDING PLAN GENERAL FUND (Includes Mental Health Trust Funds) (in millions of dollars)

	Spring 1991	Fall 1991	- Dept. of Revenue Mid Scenario
Statutory Budget Reserve Balance	801.8	801.8	
FY92 Revenues [1]	2,124.7	2,434.6	\$16.11/bbl, \$18.29/bbl weighted avg ANS
FY92 Adjustments to Revenue	76.6	76.6	
From Budget Reserve Fund	692.4	382.5	
FY92 AVAILABLE	2,893.7	2,893.7	
FY92 Expenditures			
Operating	2,122.8	2,122.8	
Debt Service			
-G.O. Debt	68.3	68.3	
-School Debt	129.0	129.0	
-Other Debt	11.9	11.9	
Capital	352.2	352.2	
Loans	11.7	11.7	
Oil & Hazardous Fund	28.5	28.5	
Investment Loss Fund (SBS)	93.1	93.1	
Other Special Appropriations	1.2	1.2	
Supplementals	75.0	75.0	OMB 12/16/91 Spending Plan
FY92 Expenditures	2,893.7	2,893.7	
Budget Reserve Balance	109.4	419.3	
FY93 Revenues [1]	2,412.7	2,374.3	\$18.17/bbl, \$18.90/bbl weighted avg ANS
FY93 Adjustments	70.5	70.5	
From Budget Reserve Fund	0.0	34.8	
FY93 AVAILABLE	2,483.2	2,479.6	
FY93 Expenditures	Governor's 12/16/91 Budget		
Operating	2,241.3	2,241.3	
Debt Service			
-G.O. Debt	59.8	59.8	
-School Debt	127.6	127.6	
-Other Debt	11.3	11.3	
Capital	0.0	0.0	Has not been released as of 1/9/92
Loans	7.9	7.9	
Oil/Hazardous Fund	26.7	26.7	
New Legislation	5.0	5.0	OMB 12/16/91 Spending Plan
FY93 EXPENDITURES	2,479.6	2,479.6	
FY93 Carryforward	3.6	0.0	
Fund Balances			
Statutory Budget Reserve	10.6	269.4	
Surplus remaining/unreserved	3.6	0.0	
Mental Health Trust Income Balance	98.8	115.1	
Debt Retirement Fund	0.0	0.0	
Total	113.0	384.5	

[1] Revenues are based on Department of Revenue's mid scenario spring and fall 1991 forecasts

The Fiscal Year 1993 Budget:

FY92/93 GOVERNOR'S MENTAL HEALTH SPENDING PLAN GENERAL FUND (in millions of dollars)

	Spring 1991	Fall 1991	- Dept. of Revenue Mid Scenario
FY 91 MHTIA Balance [1]	100.3	100.3	
FY92 Revenues			
Mental Health Trust [2]	127.5	146.1	
FY92 AVAILABLE	227.8	246.4	
FY92 Expenditures			
Operating - Mental Health	131.6	131.6	
Capital	7.4	7.4	
Supplementals - Operating	0.0	0.0	
FY92 Expenditures	139.0	139.0	
Carryforward	88.8	107.4	
FY93 Revenues [2]	144.8	142.5	
FY93 AVAILABLE	233.5	249.8	
	Governor's 12/16/91 Budget		
FY93 Expenditures			
Operating-Mental Health	134.7	134.7	
Capital	0.0	0.0	Has not been released as of 1/9/92
New Legislation	0.0	0.0	
FY93 EXPENDITURES	134.7	134.7	
FY93 CARRYFORWARD	98.8	115.1	

[1] Sec 145, CH 96, SLA 91 appropriates this balance to the Mental Health Capital Project Account, effective date based upon the dismissal of Weiss v State of Alaska. Settlement is pending approval by the courts.

[2] Based on 6% of unrestricted general fund revenues.

A legislative overview of the governor's request

FY92/93 OPERATING BUDGET BILL COMPARISON

General Funds
(in millions of dollars)
thousands

	FY92 Authorized	FY93 Governor
Front Sections		
Sec 11-Lease debt	11,899.3	11,250.2
Sec 12-GO Debt	68,281.2	59,768.2
Sec 13-School Construction Debt	128,986.1	127,603.2
Sec 21-Oil/Hazardous Response	28,500.0	26,700.0
Sec 22-Ak Clean Water Fund	2,190.0	1,850.0
Sec 23-Alaska Wetlands Program	0.0	700.0
Sec 24-Shared Taxes	15,440.0	15,440.0
Sec 25-Information Services	11,813.2	2,969.3
Sec 26-Ak Marine Highway Fund	30,670.0	30,808.9
Sec 27-Salmon Enhancement	7,385.5	7,385.5
Sec 28-Fisheries Enhancement Loan	4,794.0	6,000.0
Sec 32-Mental Health Indirect Costs	2,000.0	2,000.0
Student Loans	4,000.0	0.0
Bulk Fuel Loans	666.0	0.0
Subtotal	316,625.3	292,475.3
Agencies		
Office of the Governor	17,840.2	18,020.7
Department of Administration	156,320.6	170,974.5
Department of Law	35,817.2	35,398.9
Department of Revenue	12,544.7	13,850.0
Department of Education	594,057.1	607,548.1
Department of Health & Social Services	385,710.0	428,627.5
Department of Labor	12,473.8	12,732.5
Dept. of Commerce & Economic Development	54,231.8	63,479.3
Department of Military & Veterans Affairs	10,211.1	10,581.6
Department of Natural Resources	50,660.9	54,664.3
Department of Fish & Game	48,892.8	50,669.4
Department of Public Safety	84,806.7	88,050.0
Dept. of Transportation & Public Facilities	104,022.5	110,292.5
Department of Environmental Conservation	22,395.2	23,677.0
Department of Community & Regional Affairs	123,354.6	122,278.5
Department of Corrections	99,438.7	113,079.3
University of Alaska	168,152.0	173,866.3
Court System	44,471.3	48,394.1
Legislature	34,798.3	37,819.3
Subtotal	2,060,199.5	2,184,003.8
Operating Total	2,376,824.8	2,476,479.1

Note: Items appearing in the front section are deleted from the agencies' totals.

FY93 GOVERNOR'S BUDGET
Unrestricted General Fund
(in millions of dollars)

	FY92 CC	FY92 AUTH	FY93 GOV	-PERCENT CHANGE-	
				FY93/ FY92 CC	FY93/ FY92 AUTH
Operating:					
Agencies	1,096.9	1,042.0	1,102.3	0.5%	5.8%
Formula Programs	1,094.4	1,082.3	1,139.0	4.1%	5.2%
School Debt	129.0	129.0	127.6	-1.1%	-1.1%
Total Operating	2,320.3	2,253.3	2,368.9	2.1%	5.1%
Capital [1]	389.4	354.6	.0	-100.0%	-100.0%
Loans	19.1	11.7	7.9	-58.6%	-32.5%
Debt Service [2]	80.2	80.2	71.0	-11.5%	-11.5%
TOTAL	2,809.0	2,699.8	2,447.8	-12.9%	-9.3%

Note: 1] As of 1/9/92 the Governor's FY93 capital budget request has not been released.

2] Includes General Obligation and Lease Payments.

FY 93 OPERATING BUDGET SUMMARY
Unrestricted General Fund
(in thousands of dollars)

	FY91 ACTUALS	FY92 AUTH	FY93 GOVERNOR	FY92 AUTH/FY93 GOV	
				\$	%
Operating Budget	2,266,029.2	2,253,303.6	2,368,910.7	115,607.1	5.1%
Less: Formula	1,034,142.2	1,082,321.4	1,138,978.0	56,656.6	5.2%
Agency Operation	1,231,887.0	1,170,982.2	1,229,932.7	58,950.5	5.0%
Formula Programs					
Longevity Bonus	60,069.5	62,012.5	64,811.7	2,799.2	4.5%
Administration - Other	25,268.6	23,353.7	27,081.9	3,728.2	16.0%
Shared Taxes	17,806.5	15,440.0	15,440.0	0.0	0.0%
Foundation	498,743.4	513,623.2	523,647.5	10,024.3	2.0%
School Debt Ret.	116,688.6	128,986.1	127,603.2	-1,382.9	-1.1%
Education - Other	42,985.2	47,058.0	47,058.0	0.0	0.0%
Health & Social Services	156,233.9	179,362.6	218,975.4	39,612.8	22.1%
Power Cost Equalization	16,747.1	15,029.7	17,029.7	2,000.0	13.3%
Fisheries Tax Receipts	7,183.5	7,385.5	7,385.5	0.0	0.0%
Nat'l Guard Ret.	780.9	780.9	780.9	0.0	0.0%
Military - Other	410.4	410.4	410.4	0.0	0.0%
Sr. Citizen Tax Relief	3,302.4	3,658.8	3,658.8	0.0	0.0%
Municipal Rev. Sharing	38,344.0	38,347.0	38,347.0	0.0	0.0%
Municipal Assistance	49,103.2	46,648.0	46,648.0	0.0	0.0%
Other C&RA Programs	475.0	225.0	100.0	-125.0	-55.6%
TOTAL	1,034,142.2	1,082,321.4	1,138,978.0	56,656.6	5.2%

OPERATING BUDGET SUMMARY
Unrestricted General Fund
(in thousands of dollars)

	FY91 ACTUALS	FY92 CC	FY92 AUTH	FY93 GOV
Office of the Governor	15,926.9	14,931.7	17,840.2	18,020.7
Department of Administration	168,033.3	172,131.6	168,133.8	173,943.8
Department of Law	34,782.6	32,497.6	35,817.2	35,398.9
Department of Revenue	30,882.8	28,305.3	27,984.7	29,290.0
Department of Education	691,445.3	725,249.1	723,043.2	735,151.3
Department of Health & Social Services	343,398.0	395,044.6	385,710.0	428,627.5
Department of Labor	13,369.3	10,531.3	12,473.8	12,732.5
Dept. of Commerce & Economic Development	65,580.3	69,731.2	61,617.3	70,864.8
Department of Military & Veterans Affairs	13,293.0	10,241.1	10,211.1	10,581.6
Department of Natural Resources	74,239.0	49,128.3	49,470.2	55,114.3
Department of Fish & Game	48,322.7	52,821.0	48,892.8	50,669.4
Department of Public Safety	84,276.0	85,866.7	84,806.7	88,050.0
Dept. of Transportation & Public Facilities	180,363.6	141,971.1	134,692.5	141,101.4
Department of Environmental Conservation	25,621.0	23,102.9	22,395.2	23,927.0
Department of Community & Regional Affairs	127,018.3	128,857.9	123,354.6	122,278.5
Department of Corrections	103,958.8	103,533.5	99,438.7	113,079.3
University of Alaska	170,434.3	175,273.0	168,152.0	173,866.3
Court System	43,024.2	45,559.8	44,471.3	48,394.1
Legislature	32,059.8	35,798.3	34,798.3	37,819.3
New/Special Legislation		16,887.5		
Reappropriations		2,813.0		
TOTAL	2,266,029.2	2,320,276.5	2,253,303.6	2,368,910.7

Note: CC refers to Conference Committee numbers as passed the 1991 Legislative session. Front section of the operating budget, various bills, and fiscal notes have been included. See FY92 Summary of Appropriations.

OPERATING BUDGET SUMMARY
General Fund Program Receipts
(in thousands of dollars)

	FY91 ACTUALS	FY92 CC	FY92 AUTH	FY93 GOV
Office of the Governor	7.9	5.0	15.0	5.0
Department of Administration	5,636.4	5,979.0	5,838.6	7,940.3
Department of Law	198.1	276.5	272.9	392.3
Department of Revenue	1,223.8	360.5	351.8	966.1
Department of Education	2,175.9	2,396.0	2,004.1	1,939.4
Department of Health & Social Services	7,704.9	7,568.5	7,566.1	7,988.4
Department of Labor	403.1	457.7	2,407.2	2,407.2
Dept. of Commerce & Economic Development	14,742.8	17,471.7	15,780.9	18,894.8
Department of Military & Veterans Affairs	21.3	29.6	29.6	29.6
Department of Natural Resources	6,716.6	6,502.8	6,491.2	8,708.9
Department of Fish & Game	4,964.4	6,753.2	6,545.7	7,667.0
Department of Public Safety	2,866.3	3,200.3	3,200.3	4,128.6
Dept. of Transportation & Public Facilities	4,167.8	2,824.8	2,778.7	4,894.9
Department of Environmental Conservation	64.0	394.1	394.1	2,349.5
Department of Community & Regional Affairs	23.8	21.0	321.0	36.6
Department of Corrections	2,474.4	2,473.6	2,473.6	2,473.6
Legislature	86.1	84.0	84.0	84.0
New/Special Legislation		2,416.5		
TOTAL	53,477.6	59,214.8	56,554.8	70,906.2

Note: CC: Conference Committee numbers as passed the 1991 Legislative session. Front section of the operating budget, various bills, and fiscal notes have been included. See FY92 Summary of Appropriations.

OPERATING BUDGET BY LINE ITEM
Total Funds
(in thousands of dollars)

	----FY85----		----FY90----		----FY93----		FY93 - FY85	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Percent
Personal Services	875,748.7	62%	937,215.7	62%	1,092,182.3	62%	216,433.6	25%
Travel	37,570.8	3%	36,619.0	2%	44,503.4	3%	6,932.6	18%
Contractual	378,652.1	27%	433,373.0	29%	500,660.0	28%	122,007.9	32%
Commodities	96,223.3	7%	89,042.9	6%	114,635.6	6%	18,412.3	19%
Equipment	12,415.0	1%	9,988.0	1%	15,618.9	1%	3,203.9	26%
Land/Buildings	10,134.1	1%	167.4	0%	256.8	0%	-9,877.3	-97%
Government Operations	1,410,744.0	100%	1,506,406.0	100%	1,767,857.0	100%	357,113.0	25%
Grants/Claims	1,127,154.4	71%	1,361,401.0	89%	1,655,786.0	90%	528,631.6	47%
Miscellaneous	455,870.8	29%	175,134.0	11%	182,244.1	10%	-273,626.7	-60%
State Grant/Misc.	1,583,025.2	100%	1,536,535.0	100%	1,838,030.1	100%	255,004.9	16%
Total	2,993,769.2		3,042,941.0		3,605,887.1		612,117.9	20%

STATE OF ALASKA BUDGETS
Unrestricted General Fund
(in millions of dollars)

	FY85	FY90/FY85 Change		FY90	FY93/FY90 Change		FY93
		Amount	Percent		Amount	Percent	
STATE BUDGETS	4,171.9	-1,698.6	-41%	2,473.3	1.2	0%	2,474.5
Operating	2,280.0	-28.9	-1%	2,251.1	188.8	8%	2,439.9
Capital	1,241.9	-1,061.7	-85%	180.2	-180.2	-100%	0.0
Loans	140.0	-130.0	-93%	10.0	-2.1	-21%	7.9
Other:							
Transfer from GF to Perm. Fund	300.0	-300.0	-100%	0.0	0.0	0%	0.0
GF Loan to APA (4-Dam Pool)	210.0	-210.0	-100%	0.0	0.0	0%	0.0
To Oil/Hazardous Response Fund				32.0	-5.3	-17%	26.7
OPERATING BUDGETS							
PASS-THRU PROGRAMS							
G.O. Debt	169.5	-49.1	-29%	120.4	-60.6	-50%	59.8
School Retirement Debt	95.0	15.6	16%	110.6	17.0	15%	127.6
Formula Funded Programs	861.4	7.9	1%	869.3	142.1	16%	1,011.4
Lease Payment				12.1	-0.8	-7%	11.3
Total pass-thru programs	1,125.9	-13.5	-1%	1,112.4	97.7	9%	1,210.1
Percent of operating budget	49%			49%			50%
GOVERNMENT OPERATIONS	1,154.1	-15.4	-1%	1,138.7	91.1	8%	1,229.8
Percent of operating budget	51%			51%			50%
STATE EMPLOYEES							
Full-Time	16,578.0	-181.0	-1%	16,397.0	618.0	4%	17,015.0
Part-Time	3,030.0	274.0	9%	3,304.0	-260.0	-8%	3,044.0

The Fiscal Year 1993 Budget:

State Budgets Unrestricted General Fund (in millions of dollars)

FY	----- Nominal (\$ mill) -----				
	Operating	Capital	Loan	G.F. Debt	Total
61	37.8	8.1			45.9
62	46.2	6.1			52.3
63	57.7	8.1			65.8
64	70.9	12.0			82.9
65	74.4	4.7			79.1
66	84.1	2.0			86.1
67	92.5	1.3			93.8
68	102.0	11.1			113.1
69	125.5	2.3			127.8
70	170.8	2.0			172.8
71	274.3	36.5			310.8
72	302.1	8.4			310.5
73	327.4	14.7			342.1
74	360.3	10.1			370.4
75	489.2	23.0			512.2
76	574.6	53.4			628.0
77	696.4	19.8			716.2
78	791.1	51.1	10.0		852.2
79	837.7	171.0	14.0	59.8	1,082.5
80	959.6	92.0	33.5	75.2	1,160.3
81	1,364.3	565.2	560.1	97.4	2,587.0
82	1,706.2	1,164.9	471.8	102.4	3,445.3
83	1,897.0	470.1	337.0	143.6	2,847.7
84	1,958.0	778.4	171.9	178.6	3,086.9
85	2,110.5	1,241.9	140.0	169.5	3,661.9
86	2,116.5	471.4	80.4	163.3	2,831.6
87	1,844.1	337.6	61.0	155.0	2,397.7
88	1,911.3	173.4	22.6	148.0	2,255.3
89	2,086.7	127.1	17.5	147.4	2,378.7
90	2,118.6	180.2	10.0	132.5	2,441.3
91	2,286.3	147.3	13.7	107.6	2,554.9
92	2,231.8	354.6	11.7	80.2	2,678.3

Annual Compound Growth Rates:

FY61-91	13.6	12.5	1.1	2.1	13.6
FY61-76	18.5	12.5	n/a	n/a	17.8
FY76-91	8.3	11.8	1.1	2.1	8.9

Note: Shared Taxes, Fisheries Enhancement and extraordinary items such as appropriations to Permanent Fund, Budget Reserve Fund, special appropriations, etc. are not included.

A legislative overview of the governor's request

STATE OF ALASKA FUND BALANCES
(in millions of dollars)

STATUTORY BUDGET RESERVE FUND

Previous balance	5.2
FY91 carryforward (Based on Annual Financial Report)	696.3
Less Transfer to Investment Loss Trust Fund	-93.1
Available 6/30/91 Balance	<u>608.4</u>
(Does not include \$100.3 held in the Mental Health Trust)	

CONSTITUTIONAL BUDGET RESERVE FUND

12/31/91 - Last settlement received in January 1991	305.7
(Does not include general fund portion of the BP settlement estimated at \$138.8 anticipated to be received in late January)	

RAILBELT ENERGY

Railbelt Energy Fund	2.5
Intertie Reserve (1/6/92)	107.7

PERMANENT FUND EARNINGS RESERVE - Unencumbered (11/30/91) 554.1

Total earnings reserve is \$960.7 and is broken down as follows:

1992 inflation impact	203.8
1992 dividend payment	202.1
Escrow earnings	0.7
Unencumbered balance	<u>554.1</u>
Total Earnings Reserve	960.7

AHFC

The board approved and transferred to the State in November a dividend of \$19 million representing 50% of the unrestricted net profits of the corporation

SCIENCE & TECHNOLOGY ENDOWMENT FUND

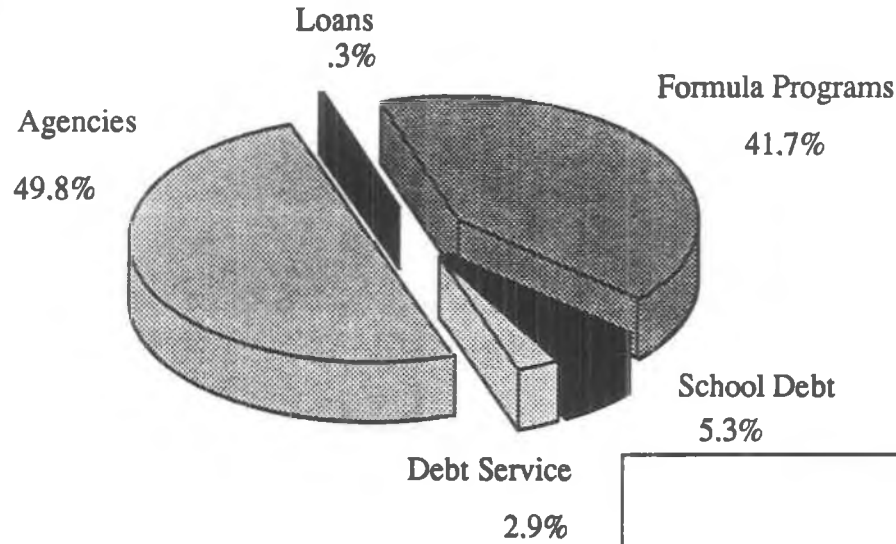
Alaska Permanent Fund 1991 Annual Report (6/30/91)	113.3
----------------------------------------------------	-------

INVESTMENT LOSS TRUST FUND (1/8/92)

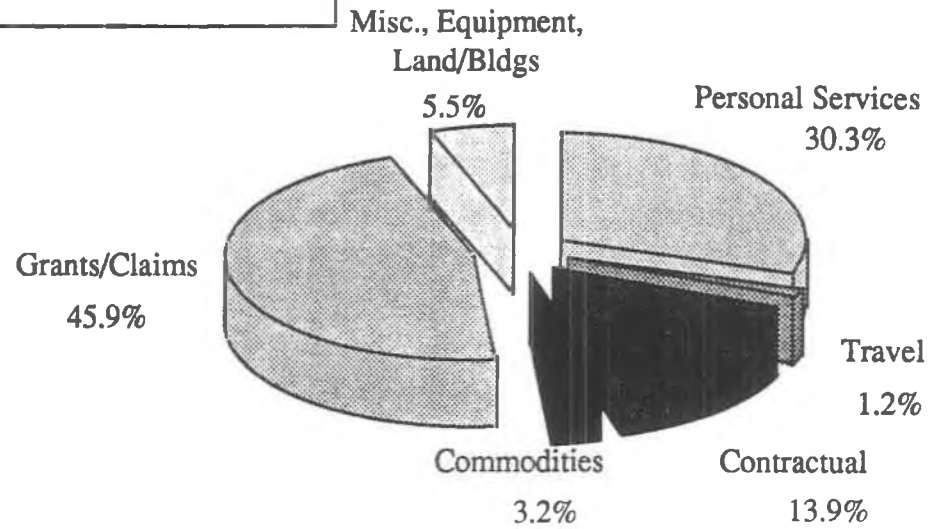
Appropriations	138.1
Income	<u>3.4</u>
	141.5

FY93 GOVERNOR'S BUDGET

Unrestricted General Fund



Total Funds by Line-item



OFFICE OF THE GOVERNOR

The Office of the Governor is responsible for the operation of the executive branch of state government as specified in the *Alaska Constitution* and statutes. The budget request units are Commissions and Special Offices, Executive Office, Office of Management and Budget, and Elective Operations.

SUMMARY ANALYSIS

The governor's proposed FY93 general fund level of \$18,020,700 is one percent above FY92 Authorized. The total expenditure level proposed from all fund sources is \$20,181,800. Federal Coastal Zone Management and Housing and Urban Development funds comprise the non-general fund portion and the combined funding levels remain constant at approximately \$2,100,000.

MAJOR CHANGES

- The FY93 personal services 5 percent COLA increase is included in the adjusted base along with an offsetting reduction in the contractual services line; the net effect being to absorb the higher personnel costs.
- Transfer in \$330,907 information systems chargeback from the Department of Administration to various components.
- Increment of \$73,800 for increased Human Rights Commission hearing activities.
- Delete one-time \$3,000,000 special appropriation included in Executive Operations for an education effort to open the Arctic National Wildlife Refuge to petroleum exploration and development.
- Transfer \$397,300 from Audit and Management Services to the Contingency fund. The one-time \$480,000 FY92 allocation for a management and efficiency review of the executive branch of state government is not deleted.

The Fiscal Year 1993 Budget:

- The normal biennial increase in Elections Operations reflects the increased level of election year activity; funds are usually deleted in the subsequent off-election year. The usual election year increment of \$1,253,600 is also supplemented with an increase of \$573,500 to implement primary election changes and \$102,900 for reapportionment costs.

ORGANIZATIONAL CHANGES

Elective Operations - The Elections Data Processing component is collapsed into the Elections component.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	192	166	168
PPT	6	5	5

DEPARTMENT OF ADMINISTRATION

The Department of Administration provides basic internal services to other state agencies. These include services provided by Personnel, Finance, General Services, Retirement and Benefits, Labor Relations, Risk Management, and Information Services. The department also serves as the umbrella agency for a group of diverse social service and justice agencies. These functions are performed by Pioneer Benefits, Public Defender, and the Office of Public Advocacy. Three commissions are also administered by the department: Alaska Public Offices, Public Broadcasting, and Older Alaskans.

SUMMARY ANALYSIS

Summary comparisons exclude transactions which relate to the Internal Service Fund-front section, Computer Services and Telecommunications Services components. The transition to a full-chargeback system for information services and double counting of these appropriations in the governor's FY93 budget confuse year-to-year comparisons.

The governor's proposed budget for non-information services agencies of \$206,310,600 represents a 8.9 percent increase from FY92 Authorized. The general fund request of \$169,613,400 is a 9.5 percent increase, or \$14,653,900. Formula programs represent 54 percent of the department's general fund budget and have been increased by 7.6 percent, while agency operations received a 11.7 percent increase in general funds.

MAJOR CHANGES

- Longevity Bonus grants increased \$2,799,200 due to increases in the eligible population. The agency estimates 22,865 recipients of the monthly payments in FY93 compared to 21,645 in FY92. However, the governor's budget for these grants is \$2,342,800 less than the agency request, based upon stricter enforcement of eligibility standards -- savings which may be realized or not.
- Statewide leases increase by \$3,728,200 over FY92 Authorized to reduce underfunding.

The Fiscal Year 1993 Budget:

- The Division of Information Services is implementing a full-chargeback system for computer and telecommunication services. This system will use rates which will more accurately reflect the true costs of providing those services. In the budget, each agency will receive a share of general funds previously appropriated directly to DIS. Those funds, plus other agency resources, will be used to pay for services used in FY93.
- The Division of Finance increase of \$3,864,600 is primarily due to the transfer in of that agency's information service chargeback funds, \$3,520,300, and increased costs associated with the payroll and accounting systems, \$573,300.
- The Retirement and Benefits budget includes an increment of \$1,800,000 for investment management fees associated with the Supplemental Benefits System (SBS) annuity program. The SBS management fees cover charges which were netted out of returns to SBS recipients in prior years, but which were not reflected in the budget. These fees will continue to be paid by recipients but are now reflected in the budget as General Fund Program Receipts.
- Pioneer Homes have requested increments of funding and positions to establish additional assisted living beds at five of the homes.

ORGANIZATIONAL CHANGES

Public Defender - The budget submission for this agency is presented in a combined request for the four judicial districts and administration and support.

Administrative Services - To consolidate some of the department's accounting functions, two positions from the Older Alaskans Commission and one from Alaska Public Broadcasting have been transferred to Administrative Services.

Personnel/Office of Equal Employment Opportunity - Certain personnel functions formerly performed in individual agencies are being consolidated within the department. The full budgetary ramifications of this effort are expected to appear in the amended budget.

A legislative overview of the governor's request

POSITION SUMMARY

	FY91	FY92	FY93
PFT	1093	1059	1076
PPT	96	96	94

DEPARTMENT OF LAW

The Department of Law is responsible for public protection through enforcement of unfair trade practice and antitrust laws, prosecution of violators of state criminal laws, representing the state in legal actions, providing legal services in the resolution of resource revenue disputes and legal services for extraordinary proceedings such as the *Exxon Valdez* litigation. The department also advises state agencies in areas of legal concern including the promulgation of regulations and drafting of legislation.

SUMMARY ANALYSIS

The governor proposes a FY93 total funding level of \$52,952,700 of which \$35,398,900 are general funds. This represents an increase of 2.0 percent and a decrease of 1.2 percent respectively, from the FY92 Authorized budget.

MAJOR CHANGES

- The FY93 personal services 5 percent COLA increase of \$732,100 general funds included in the adjusted base is eliminated by offsetting personal services reductions in the governor's budget.
- The Dillingham District Attorney's Office is closed and three positions are eliminated to meet personal services funding constraints in the Prosecution BRU.
- \$195,700 general funds are included for a new Deputy Commissioner position and a Secretary II to assist the Attorney General in managing administrative functions.
- \$120,000 General Fund Program Receipts support is proposed for two new positions to begin collecting court-appointed counsel fees for the state.
- Oil and Gas Litigation is increased by \$3,000,000, of which \$2,000,000 are general funds and \$1,000,000 State Corporate Receipts, while *Exxon Valdez* litigation is reduced \$3,371,000 total funds - \$2,685,500

A legislative overview of the governor's request

general funds and \$685,600 Interagency Receipts - from decreased activity due to the settlement.

ORGANIZATIONAL CHANGES

Enforcement of laws against unfair trade practices - Consumer Protection - and enforcement of laws against restraint of trade - Antitrust - are combined in one BRU.

The Environmental Crimes Unit is transferred from Legal Services Operations to Prosecution to improve both its visibility and its oversight function.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	368	389	397
PPT	8	8	8

DEPARTMENT OF REVENUE

The responsibilities of the Department of Revenue (DOR) include administration and enforcement of Alaska's tax laws, investment of most state funds, and collection of fees and taxes. DOR also provides support and financial advice to the following boards and authorities: the Municipal Bond Bank Authority, State Bond Committee, Royalty Oil and Gas Advisory Board, Medical Facilities Authorities, Permanent Fund Corporation, Mental Health Fund Advisory Board, and the Public School Fund Advisory Board. Additional duties pertain to oil and gas litigation, revenue projections, and other in-house special projects.

SUMMARY ANALYSIS

The governor's proposed FY93 budget of \$100,423,500 total funds for the department represents a 10.7 percent increase, or \$9,681,400 above FY92 Authorized. The general fund request is \$1,305,300 above FY92 Authorized or 4.7 percent.

MAJOR CHANGES

- Shared Taxes are included at the FY92 Authorized level.
- The FY93 personal services 5 percent COLA increase of \$465,800 in general funds included in the adjusted base is reduced by personal services reductions in the governor's budget.
- \$60,100 general funds, \$238,200 total funds, transfer for information systems chargeback allocation from the Department of Administration
- Child Support Enforcement increases General Fund Match, \$100,700, and \$452,300 in federal funds for improved service, receipt of a new federal grant for a program improvement demonstration project and a new position related to payment of arrearages to the family first.
- Funding source change in the Alcohol Beverage Control Board from General Fund to General Fund Program Receipts.

A legislative overview of the governor's request

- Increases in corporate receipts for the Permanent Fund Corporation to cover management fees \$1,033,600 and two new positions including a portfolio accountant and secretary, \$186,700.
- Science and Technology increases to cover activity in that program including three new positions, \$268,000, and additional grant funds, \$5,000,000.
- Increases general funds \$318,000 to annualize the costs of the Alaska Mental Health Trust Authority established in CH 66, SLA 91.
- General fund increases in personal services in Income and Excise Audit \$345,700 and Oil and Gas Audit \$168,500 for existing positions
- General fund increases in Treasury Management of \$279,700, and other funds increases of \$1,068,500 for investment management activities.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	519	513	523
PPT	15	18	18

DEPARTMENT OF EDUCATION

The Department of Education is responsible for funding and regulating the state's K-12 schools. The department also administers reimbursement of debt for school construction to municipal school districts and grants for school construction. In addition, the department administers adult and vocational education programs, the Alaska Vocational Technical Center (AVTEC) in Seward and the Kotzebue Technical Center, the Mt. Edgecumbe Boarding School, the Alaska State Museums and Libraries, and the Alaska State Council on the Arts. The Division of Vocational Rehabilitation and the Alaska Commission on Postsecondary Education are also within the Department of Education's budget.

SUMMARY ANALYSIS

The governor's proposed education budget of \$858,247,800 total funds represents a 2.9 percent increase over FY92 Authorized. The general fund request of \$607,548,100 is a 2.3 percent increase, or \$13,491,000. Formula programs represent 94 percent of the department's general fund budget and have increased 1.8 percent while agency operations received an 10.4 percent increase in general funds.

MAJOR CHANGES

- The Foundation Program is increased two percent from FY92 Authorized. However, the governor's FY93 budget is \$22,357,600 or 3.9 percent below the current estimate of full funding for this program of \$574,938,100.
- School Debt Reimbursement is decreased \$1,382,900 from FY92 Authorized to reflect actual entitlement. Note the fund source change from General Fund to the Alaska Debt Retirement Fund enacted by CH 96, SLA 91, Sections 168 and 171.
- The FY93 personal services 5 percent COLA increase of \$676,300 general funds included in the adjusted base is reduced by personal services reductions in the governor's budget.

A legislative overview of the governor's request

- District Support Services increase of \$200,000 general funds for outside legal counsel for PL 81-874 issues relating to the Foundation Program.
- Increase of \$200,000 general funds in the Data Management component for development of an Alaska-based statewide student assessment program.
- \$2,300,000 in general funds for Alaska 2000 Education Initiative to improve the performance of schools through a competitive grant program for innovative school practices, exemplary performance and incentive grants for operational efficiencies that redirect resources to educational improvements.
- General fund increase of \$448,000 for the new dormitory at Mt. Edgecumbe that will house 48 additional students in FY93.

ORGANIZATIONAL CHANGES

Education Program Support - Correspondence Study becomes its own BRU. The Director's Office component is eliminated by transferring positions and funding into Special and Supplemental Services and Basic Education and Instructional Improvement.

Transfers the Health Sciences Library, 5 positions and \$271,400 to the University of Alaska, Anchorage, and 1 Staff Development position and \$48,000 general fund to the University of Alaska, Southeast.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	500	490	488
PPT	101	100	102

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

The Department of Health and Social Services provides direct services in the area of public assistance, medical care, child and adult protection, treatment and prevention of substance abuse, and mental health, as well as grants to local providers for additional public programs. More than half of the total requested budget is made up of the entitlement programs. The entitlements include all the "formula" programs (Aid to Families with Dependent Children (AFDC), Adult Public Assistance, General Relief, Medicaid, General Relief Medical and Foster Care) plus Permanent Fund Dividend and Alaska Longevity Bonus Hold Harmless which are tied directly to entitlement programs.

SUMMARY ANALYSIS

The governor's recommended funding level of \$428,627,500 general funds is a 11.1 percent increase over FY92 Authorized. The total fund budget request of \$698,898,400 is a 10.4 percent increase over FY92 Authorized. The increase in general funds is due to a \$39,612,800 increase in formula programs (22.1 percent over FY92 Authorized). The increase in formula programs, \$24,908,300 is due to caseload increases or program changes and \$14,704,500 is due to a funding source change for the Permanent Fund Dividend Hold Harmless Program. Formula programs make up over 51 percent of the department's general fund budget. The non-formula programs and administration of the department received a 1.6 percent increase in general funds.

MAJOR CHANGES

- Aid to Families with Dependent Children (AFDC) is increased by \$9,302,900 in general funds (\$20,611,800 total funds) to cover basic caseload, Unemployed Parent (UP) caseload, and COLA increases.
- Adult Public Assistance (APA) is increased \$2,984,500 for caseload and COLA increases.

A legislative overview of the governor's request

- The Longevity Bonus Hold Harmless Programs are increased \$749,600 to provide adequate coverage for SSI recipients and decreased \$1,825,200 for non-nursing home Old Age Assistance clients who will no longer lose their SSI eligibility due to the receipt of Longevity Bonus payments.
- The Permanent Fund Dividend Hold Harmless request reflects a funding source change of \$14,704,500 from the Permanent Fund Dividend Fund to the General Fund.
- Medicaid programs are increased by \$15,702,300 general funds (\$38,053,500 total funds) due to increases in eligibles, price, utilization, and welfare reform participation.
- A \$2,262,900 decrease in the General Relief Medical (GRM) Program reflects the trend of more persons qualifying under Medicaid who would historically have utilized the GRM Program.
- \$1,558,700 is transferred from the Department of Community and Regional Affairs to the Alaska Work Programs component for the Family Support Act JOBS Child Care Program.
- Foster Care is reduced \$1,400,00 with a transfer to the new Family Preservation component. Foster Care is a formula driven program that funds provider payments. The transferred funds will be used for homemaker services which were reduced by a governor's veto to the FY92 budget.
- \$252,300 is added to Family Services components and \$421,000 to Youth Facilities components to assist in personal services shortfalls.
- Mental health programs are decreased \$1,650,000 in the Community Mental Health Grants, Services for the Chronically Mentally Ill and Seriously Emotionally Disturbed Youth components to be replaced with Medicaid funding.
- Alaska Psychiatric Institute (API) is decreased \$702,400 and Harborview Developmental Center is decreased \$161,000 in anticipation of the completion of management studies that may redirect the programs and populations of the two facilities.

- \$519,700 and the supervision of the forensic unit is transferred to the Department of Corrections from API.
- The Commissioner's Office is increased \$220,000 in Interagency Receipts to replace cuts in the FY92 budget process.

ORGANIZATIONAL CHANGES

The Division of Family and Youth Services - This division has undergone a reorganization that has reduced the number of service delivery regions from 8 to 3 and provides for a central office component. This reorganization combines probation services and family services under one management structure and eliminates 11 mid-level management positions. The budget reflects this reorganization with the transfer of Probation Services and Family Services Northern and Northwestern Regions into the four remaining components.

Medical Assistance Administration - A component has been created which reflects the new Office of Hearings and Appeals that houses the Medicaid Rate and Public Assistance Fair Hearings unit.

Purchased Services - This BRU has been reconfigured to reflect a policy emphasis on in-home services. Preventive Services is renamed Delinquency Prevention. Early Intervention Services component is deleted with the transfer of the homemaker and day care programs to the new Family Preservation component. Family Preservation will provide intensive or home-based family centered services with transfers from Early Intervention, Preventive Services, and Foster Care.

State Health Services - The AIDS Services component is eliminated with the transfer of funding and positions to the Nursing, Laboratory Services, and Epidemiology components in an effort to consolidate public health services. The component Health Services - Medicaid is created with the transfer of the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and Healthy Baby administrative functions from the Nursing component. Home Health Services is created to unify home based health services with the transfer of the Home Health Aide and Homemaker programs from the Nursing component.

A legislative overview of the governor's request

Division of Mental Health and Developmental Disabilities - Three new components have been created by the transfer of funds from other components: Psychiatric Emergency Services to segregate mental health emergency services provided by communities, Seriously Emotionally Disturbed Youth to consolidate the various mental health programs for youth, and Federal Mental Health Projects to combine the various federal grant programs administered by the division.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	1,937	1,952	1,969
PPT	103	95	93

DEPARTMENT OF LABOR

The Department of Labor is responsible for enforcing the state's labor laws, providing job placement, paying unemployment claims, reporting labor statistics, public protection through inspections and certification, and training and enforcement of occupational safety and health standards. The department also administers the Alaska Worker's Compensation laws and the Fishermen's Fund.

SUMMARY ANALYSIS

The governor's proposed FY93 budget of \$55,201,600 total funds for the department represents a 2.5 percent increase, or \$1,347,600 above FY92 Authorized. The general fund request is \$258,700 above FY92 Authorized or 2.1 percent.

MAJOR CHANGES

- The FY93 personal services 5 percent COLA increase of \$370,100 general funds included in the adjusted base is eliminated by offsetting personal services reductions in the governor's budget.
- \$277,700 general fund transfer in Data Processing for the information systems chargeback allocation from the Department of Administration.
- Increased federal receipt authorization of \$203,400 for Employment Services and \$641,700 for Unemployment Insurance for program postage costs.

ORGANIZATIONAL CHANGES

Commissioner's Office - The Alaska Safety Advisory Council becomes a separate component under the Labor Standards and Safety BRU.

Employment Preference Enforcement - The six positions and funding for this component are transferred into Wage and Hour Administration in FY93

A legislative overview of the governor's request

where three vacant positions are deleted and one position is reduced from full-time to part-time.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	604	602	603
PPT	154	148	129

**DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT**

The Department of Commerce and Economic Development has responsibilities in two major areas: Public Protection and Development. Public Protection regulates weights and measures, banking, securities and corporations, insurance, occupations and public utilities. Development provides general assistance and access to capital markets for business, coordinates numerous state loan programs, manages programs aimed at key economic sectors such as electric power generation, tourism, mining and fishing. Additionally, the department participates in the domestic and international marketing of Alaskan products and attractions.

SUMMARY ANALYSIS

The governor's proposed budget of \$86,618,100 total funds represents a 14.3 percent increase from FY92 Authorized. The general fund request of \$70,864,800 is a 17.8 percent increase, or \$10,688,300. Formula programs represent 34.5 percent of the department's general fund budget and have been increased 8.9 percent while agency operations received a 23.0 percent increase in general funds. The FY92 Authorized figures do not include the Alaska Oil and Gas Conservation Commission, which was transferred to the Department of Natural Resources.

MAJOR CHANGES

- Increase in formula funding for Power Cost Equalization Grants, \$2,000,000. FY92 Authorized figures for that program were reduced by veto from full funding levels because of the availability of carryforward authorizations from prior fiscal years. The governor's budget for these grants is \$2,325,300 less than the agency request, which could result in underfunding.
- The Alaska Spaceport Authority was established by CH 88, SLA 91. \$302,500 in general funds is requested for the operation of the Alaska Aerospace Development Corporation.

A legislative overview of the governor's request

- The Division of Insurance seeks General Fund Program Receipts from fees levied on the insurance industry to fund positions needed for national accreditation and increased actuarial and fraud investigation capabilities.
- \$4,146,100 increase for the Alaska Tourism Marketing Council. A portion of this increase offsets \$2,267,100 vetoed from the ATMC budget approved by the legislature last year.
- The Division of International Trade seeks increases over FY92 Authorized levels for expanded international trade efforts particularly in European and Soviet markets and to fund Alaska's participation in the Northern Forum Secretariat. That program is aimed at sharing information and technology among northern regions in the areas of the environment, transportation, public health and access to developmental capital.
- The Alaska Energy Authority budget reflects changes due to the transition from construction to operation of the Bradley Lake Hydroelectric project.

ORGANIZATIONAL CHANGES

Alaska Oil and Gas Conservation Commission - This BRU was transferred, for administrative purposes, to the Department of Natural Resources by Administrative Order #124, effective July 1, 1991.

POSITION SUMMARY

The following figures are adjusted for the transfer of the Alaska Oil and Gas Conservation Commission.

	FY91	FY92	FY93
PFT	472	436	461
PPT	21	18	18

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

The Department of Military and Veterans' Affairs is responsible for the military operations of the state, disaster planning and control, and veterans' programs. Within the department, the Office of Adjutant General is primarily responsible for military and administrative operations, while the Division of Emergency Services is responsible for the state civil defense and disaster response and recovery plans including loss prevention activities such as river dusting and flood watch programs. The Division of Veterans' Affairs serves as a central point of contact within state government to coordinate veterans' programs and issues, and administers the Veterans' Death Gratuity Program.

SUMMARY ANALYSIS

The governor's FY93 budget of \$23,852,600 in total funds is \$4,357,000 or 22.3 percent higher than FY92 Authorized. Federal receipts increased by \$1,979,600 or 22 percent while general funds increased by \$370,500 or 3.6 percent. Other funds (Interagency Receipts) increased from \$292,900 to \$2,299,800 or by 685 percent.

MAJOR CHANGES

- Disaster Planning & Control increased by \$2,000,000 or 1,200 percent in inter-agency receipts for Oil Spill Response Support. This program is proposed to be funded through Department of Environmental Conservation from the Oil and Hazardous Substance Release Response Fund.
- Additional federal funds in the amount of \$1,366,200 are included in the Army Guard Facilities component to address environmental problems and provide additional security.
- Air Guard Facilities Maintenance increased by \$530,000 in federal receipts to provide for expansion of Kulis Air Base and increased maintenance at Eielson Air Base.

A legislative overview of the governor's request

POSITION SUMMARY

	FY91	FY92	FY93
PFT	114	121	137
PPT	6	4	3

DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources manages the state 's land, water, forest, grasslands, oil, gas, energy and hard rock minerals, parks, agriculture and related resource development activities. The goal of the department is the maximization of the current and future public benefits through the prudent stewardship of Alaska's renewable and non-renewable resources.

SUMMARY ANALYSIS

The governor's proposed FY93 budget for the Department of Natural Resources is \$71,344,600 in total funds, a 15.4 percent increase over FY92 Authorized. Federal funds increased by \$637,200 or 7.7 percent to \$8,927,500 from \$8,290,300. Other funds increased from FY92 Authorized of \$4,073,200 to \$7,302,800, a 79 percent increase.

MAJOR CHANGES

- The FY93 personal services 5 percent COLA increase of \$2,000,000 general funds included in the adjusted base is reduced by offsetting personal services and other reductions in the governor's budget.
- \$483,506 general fund transfer in for the information systems charge-back from the Department of Administration.
- Decrease \$187,200 General Fund Program Receipts in Recorder's Office due to proposed transfer of recording to local governments.
- \$1,773,800 general fund increase for Oil & Gas Commission. This program has been under the Department of Commerce.
- Increase \$450,000 general fund for Wetlands Permitting included in the front section in FY92.
- Forest Management programs for America the Beautiful and fire control were increased by \$500,000 in federal receipts.

A legislative overview of the governor's request

- \$1,000,000 general fund increase for Fire Suppression program.
- \$900,000 Agricultural Revolving Loan Fund increase to fund operating costs of the Division of Agriculture.
- The increases in other funds are due in part to increments in the Divisions of Agriculture and Land.

ORGANIZATIONAL CHANGES

The Division of Water Management was created in FY92 and is a new component in the FY93 budget. The new component is part of the old Divisions of Land and Water and Geological Management.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	619	641	662
PPT	327	267	261

DEPARTMENT OF FISH AND GAME

The Department of Fish and Game is responsible for the maintenance, development, and enhancement of the fish and wildlife resources of Alaska, and to provide for the sustained optimum use of these resources consistent with social, cultural, aesthetic, environmental, and economic needs. In accordance with regulations adopted by the Boards of Fisheries and Game, and the management plans of the quasi-judicial Commercial Fisheries Entry Commission, the department conserves and provides opportunities to use these living resources.

SUMMARY ANALYSIS

The governor's proposed budget of \$101,001,900 total funds represents a 15.9 percent increase from FY92 Authorized, or \$13,850,400. Of this amount, 56 percent, \$7,752,700, is attributable to increments requesting authorization for federal carryforward funding. The general fund request is a 3.6 percent increase from FY92 Authorized, or \$1,778,100. Of this amount, 45.7 percent, \$813,100, is attributable to one increment for General Fund Program Receipts to bring program receipt authority for contracted hatcheries into the Division of Fisheries Rehabilitation, Enhancement and Development operating budget base.

MAJOR CHANGES

- Increase of \$7,908,200 total funding authorization that has historically been requested through the Legislative Budget and Audit Committee revised program process.
- \$379,300 general funds transfer in for information systems chargeback from the Department of Administration and an additional \$59,300 general funds to assure adequate data processing support in FY93.
- Advisory Committees/Regional Councils increase by \$120,000 general funds to support up to two regional council meetings, and at least one meeting each of the eighty advisory committees.

A legislative overview of the governor's request

- The Division of Sport Fish seeks an increase of \$1,464,400 in federal and other funds to support increased salmon management activities in Southeast Alaska and upper Cook Inlet, \$833,700, and data gathering projects for steelhead/resident species throughout the state, \$630,700.
- The Division of Commercial Fisheries increase totalling \$251,300 general funds for management improvements to the Bering Sea/Aleutian Island Crab Fisheries, Kuskokwim herring fisheries, opening of the Prince of Wales Island herring roe-on-kelp pound fishery, and opening of the Norton Sound king crab fishery. Authorization for an additional \$884,200 in federal funds would support activities associated with the U.S./Canada Salmon Treaty Projects.
- The Commissioner's Office proposes to retain two filled Deputy Commissioner positions eliminated in the FY92 budget.

ORGANIZATIONAL CHANGES

General fund and CIP receipts authorization totalling \$192,200 is proposed as a decrement to the department's base operating budget. This eliminates the Facility Maintenance component established in the FY92 budget. Funding for ongoing maintenance costs has been shifted into the department's FY93 capital budget request.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	776	782	780
PPT	847	840	827

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety is the state's primary law enforcement agency. The department's basic function is to safeguard the lives and property of citizens. Public Safety's responsibilities include enforcement of criminal laws, providing public protection programs for fire and traffic safety, enforcement of fish and game regulations, operating the state's forensic crime laboratory, and administering a training academy for public safety personnel.

SUMMARY ANALYSIS

The governor proposed a FY93 total funding level of \$94,262,900 and a \$88,050,000 general fund level. This represents a 3.9 percent and 3.8 percent increase respectively, when compared to the FY92 Authorized budget.

MAJOR CHANGES

- The FY93 personal services 5 percent COLA increase of \$2,516,300 general funds included in the adjusted base is reduced by offsetting personal services reductions totalling \$809,100. Larger components which did not have offsetting reductions include Fish and Wildlife Enforcement/Investigative Services, Motor Vehicles Field Services, and Alaska State Troopers Detachments.
- Information services chargeback is increased \$70,000 general funds. In addition, \$955,300 was to have been transferred from the Department of Administration as Public Safety's chargeback base allocation and will appear in the governor's amended budget.
- \$307,300 General Fund Program Receipts are included to restore fourteen seasonal staff positions that were eliminated from Motor Vehicles Field Services in FY92, and to add two new permanent full-time positions.
- Contract Jails would receive a \$715,100 general fund increase under the governor's proposal.

ORGANIZATIONAL CHANGES

Motor Vehicles, Vehicle Services component is eliminated, and its funding and positions transferred to Motor Vehicles Field Services, and Motor Vehicles Administration.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	828	835	841
PPT	70	48	61

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**

The Department of Transportation and Public Facilities is responsible for the planning, design, construction, maintenance and operations of major infrastructure components. These include buildings, marine shore facilities, vessels, airports, highways, port harbors, erosion control and related facilities.

SUMMARY ANALYSIS

For FY93, the governor's proposed budget for the Department of Transportation and Public Facilities is shown in the shortform as \$341,853,800 in total funds and \$141,101,400 in general funds. Funding for the Alaska Marine Highway System Fund was included in both the shortform and front section of the governor's FY92 budget bill. It should not be part of the shortform. The correct totals should be \$311,044,900 in total funds and \$110,292,500 in general funds. Total funds, adjusted, increase by \$10,500,900 from FY92 Authorized.

MAJOR CHANGES

- The FY93 personal services 5 percent COLA increase of \$8,723,500 general funds included in the adjusted base is reduced by offsetting personal services and other reductions in the governor's budget.
- \$778,628 general fund transfer in for information systems chargeback from the Department of Administration.
- \$1,637,400 general fund increase to pay maintenance costs related to new or expanded facilities.
- Increase General Fund Program Receipts in the amount of \$2,085,000 to fund rural airports.
- \$1,053,200 Alaska Marine Highway System Fund increase to restore *M.V. Columbia* service and other marine operations.

A legislative overview of the governor's request

- \$1,910,000 CIP programs decrease to reduce engineering overhead.

ORGANIZATIONAL CHANGES

Administrative Service Offices in Nome and Valdez will be closed and administrative functions will be consolidated in Fairbanks.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	2,684	2,752	2,732
PPT	772	789	786

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is a technical assistance, regulatory, and grant-in-aid agency responsible for protecting the environment and public health. The agency prevents or responds to air, land, and water pollution; enforces basic standards of sanitation in public facilities; assures wholesome meat, fish, and dairy products for consumers; and provides financial and technical assistance to municipalities and local communities for water, sewer, and solid waste projects. It has broad responsibilities in the highly technical area of pollutant and hazardous waste control. It also has lead agency responsibility for oil spill management, and oversees the disposition of the Oil and Hazardous Substance Release Response Fund.

SUMMARY ANALYSIS

The governor's proposed budget of \$50,638,700 total funds shows a 43.8 percent decrease, \$39,474,700, from FY92 Authorized. This significant reduction is attributable mainly to the Office of Management and Budget's temporary elimination of funding authorization for the Oil and Hazardous Substance Release Response (OHSRR) Fund pending final decisions from the department as to how they propose to allocate those funds in FY93. The agency's funding authorization for the OHSRR fund in FY92 was \$46,085,500. The general fund request is a 6.8 percent increase from the FY92 Authorized, or \$1,531,800. All general fund increments requested by the agency for FY93 are for General Fund Program Receipt authority (permit fees) to offset program costs.

MAJOR CHANGES

- The Clean Air Act as amended in 1990 (CAAA90) requires the state to completely revamp regulations and state implementation plans. An increase of \$1,272,300 in General Fund Program Receipts (permit fees) is included to supplement the shortfall in CAAA90 supplemental funds provided by the U.S. Environmental Protection Agency for program compliance. In addition, \$47,800 is requested specifically to implement the new CAAA90 mandated oxygenated fuels program.

A legislative overview of the governor's request

- Increase of \$1,615,000 Interagency Receipts to finance implementation of a multi-agency effort for wetlands classification and general permitting, and assumption of the 404 wetland regulatory program from the federal government.
- \$451,100 in OHSRR funds to develop and implement a statewide geographic information system (GIS) to facilitate priority-setting for contaminated site work, and to maintain the contaminated sites database and Alaska hazard ranking model.
- Increase of \$401,600 in federal funding to support clean-up efforts of federally-owned contaminated sites, and cost recovery funds from responsible party sites where leaking underground storage tank (LUST) trust funds have been expended.
- \$208,300 in General Fund Program Receipts to help bring Alaska's compliance with the federal Safe Drinking Water Act up to acceptable levels.

ORGANIZATIONAL CHANGES

In accordance with FY92 legislative intent, all projects and staff are transferred out of the Environmental Quality Projects component into five new components: Drinking Water; Wastewater and Water Treatment; Solid and Hazardous Waste Management; Air Quality Management; and Water Quality Management. A new Regional Management component is also created in the Administration BRU containing the four regional manager positions and their related costs which have been transferred out of the Environmental Quality Projects component.

A new BRU entitled Spill Prevention and Response (SPAR) has been created by transferring the existing Spill Prevention and Response Director and the Storage Tank Assistance Program components from the Environmental Quality BRU into the new SPAR BRU. Three more new components have been created from projects and staff transferred out of Environmental Quality Projects: Spill Response Office; Spill Prevention, Planning, and Management; and Contaminated Sites.

The Fiscal Year 1993 Budget:

Funding for the Alaska Wetlands Program has been moved out of the agency's base budget into the front section of the governor's operating budget bill (Section 23(b)).

POSITION SUMMARY

	FY91	FY92	FY93
PFT	477	479	505
PPT	15	9	7

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

The Department of Community and Regional Affairs is responsible for providing a wide range of services to local governments and unincorporated communities in the form of grants and direct technical assistance. The department administers the following grant programs: State Revenue Sharing; Municipal Assistance; Rural Development Grants; Organizational Grants; the Day Care Assistance Program and Child Care Grants; Community Service and Community Development Block Grants; and Energy and Weatherization Grants. The department also administers the Housing Assistance Loan Program, the Job Training Partnership Act, the State Training and Employment and Business Incentive Training Programs, and the Municipal Land Trustee Program required by the Alaska Native Claims Settlement Act. Additional responsibilities include child care and job training required by the federal Family Support Act of 1988.

SUMMARY ANALYSIS

The governor's proposed FY93 budget of \$158,408,900 total funds for the department represents a 0.9 percent decrease, or \$1,492,400, under FY92 Authorized. The general fund request of \$122,278,500 is a 0.9 percent decrease, or \$1,076,100, under FY92 Authorized.

MAJOR CHANGES

- Organizational Grants includes \$100,000 to fund the third and final year grant for the Denali Borough.
- Municipal Assistance and Revenue Sharing are funded at the FY92 Authorized level.
- Day Care Assistance is increased by \$1,140,400 federal funds for the new Federal Child Care Development Block Grant program.
- \$96,300 increase in general funds and one new permanent full-time position in the Community Development Assistance component to provide increased economic development expertise in Southeast Alaska.

The Fiscal Year 1993 Budget:

- \$477,300 increase in federal funding, and the reclassification of one part-time Accounting Clerk II to full-time to provide administrative support for the new Federal Child Care Development Block Grant program.
- Fund source change of \$387,100 in Day Care Assistance Programs from General Fund Match to General Fund.
- Fund source change of \$300,000 from General Fund Program Receipts to General Fund for the Business Incentive Program.

ORGANIZATIONAL CHANGES

\$1,558,700 in General Fund Match is transferred to Health and Social Services for the FSA JOBS Child Care Program.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	211	195	197
PPT	0	0	3

DEPARTMENT OF CORRECTIONS

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

SUMMARY ANALYSIS

The governor proposes a FY93 total funding level of \$116,476,800, of which \$113,079,300 are general funds. This represents a 13.4 percent increase in total funds and a 13.7 percent increase in general funds, over the FY92 Authorized budget.

MAJOR CHANGES

- Personal services are increased by \$7,516,200 general funds, including \$3,365,100 for the FY93 personal services 5 percent COLA increase and \$4,151,100 in full funding increments.
- Travel, contractual, commodities, and grants are increased \$5,596,600 general funds. \$3,251,300 of this increase is for Inmate Health Care, previously named "Major Medical".
- Responsibility for the Forensic Unit at Alaska Psychiatric Institute is transferred from the Department of Health and Social Services: \$519,700 General Fund Mental Health Trust and six full-time positions.
- \$86,500 general fund is transferred from the Department of Administration for information services chargeback and supplemented by \$54,300 in general fund increments.

ORGANIZATIONAL CHANGES

The department has completed its FY92 reorganization to centralize management of institutions and community corrections on a functional basis in place of the previous regional model.

Planning and research capabilities have been combined in a new component, "Policy Review". Probation and parole classification functions have been transferred to Community Corrections, and the former Classification and Transportation component renamed "Transportation." Major Medical has been renamed "Inmate Health Care."

POSITION SUMMARY

	FY91	FY92	FY93
PFT	1,317	1,316	1,323
PPT	2	2	3

UNIVERSITY OF ALASKA

The University of Alaska has regional centers in Anchorage, Fairbanks and Juneau. The University centers are responsible for the colleges and extension centers located throughout the state. The only community college separately accredited is the Prince William Sound Community College.

SUMMARY ANALYSIS

Funding for the state's higher education programs represents 10 percent of expenditures from all state funds and 7.8 percent of general fund operating expenditures proposed in FY93. The governor's proposed FY93 budget for the University of Alaska is \$173,866,300 general funds, which is a 3.4 percent increase from the FY92 Authorized. The total funds budget of \$352,570,200 is a 1.6 percent increase from FY92 Authorized and a 10.7 percent increase from FY91 Actual.

MAJOR CHANGES

- An unallocated increase of \$5,000,000 in general funds is provided to meet the University's needs in instruction and other related services as a result of increasing enrollments. The University requested \$5,360,100 for fixed cost increases (\$2,324,300 personal services salary/benefit adjustments, \$1,794,400 physical plant, and \$1,241,400 for various other fixed costs).
- \$271,400 and 5 positions are transferred from the Department of Education for the administration of the Alaska Health Sciences Library.
- \$425,300 general fund is transferred from the Department of Administration for information systems chargeback.

ORGANIZATIONAL CHANGES

The FY93 budget request is presented in a new format which should allow policy makers to examine the resources of the University by service in

addition to region. In the past, the University's budget was presented by individual campus within each major administrative unit (MAU). The MAU's are Anchorage, Fairbanks, and Southeast. The new structure provides funding information at the service level for each campus. The service areas identified by the new structure include: Instruction, Research Sponsored, Research, Public Service, Academic Support, Library Services, Student Services, Intercollegiate Athletics, Institutional Support, Physical Plant, Scholarships, Auxiliary Services, Debt Service, and Sponsored Programs.

ITEMS NOT FUNDED

The addition of the unallocated \$5,000,000 in general funds does not include any corresponding addition to other fund sources. There are no increases in other funds for salary and benefit COLA adjustments, no increases in auxiliary services related to dormitory, bookstore and food service activity, no increases for student fees for growing enrollments, and no increases in federal and university receipts for new or expanded research projects. The University's requested increase in non-general funds is \$4,847,600.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	3,236	3,237	3,243
PPT	296	295	295

ALASKA COURT SYSTEM

The Alaska Court System is the judicial branch of state government under the authority of Article IV of the *Alaska Constitution* and Title 22 of the Alaska Statutes.

There are four levels of courts: supreme court, court of appeals, superior court, and district court. Judges preside in each of the courts except the district court where magistrates may also preside. The supreme court and superior courts are established in the *Alaska Constitution*; the districts and court of appeals, by statute.

The Court System budget is presented in three components: Appellate Courts, Trial Courts, and Administration and Support. The Commission on Judicial Conduct and the Judicial Council are budgeted separately.

SUMMARY ANALYSIS

The governor has forwarded, virtually intact, the Court System's FY93 budget request proposing a funding level of \$47,426,800 general and total funds. This represents an increase of 8.8 percent over the Court System's FY92 Authorized budget.

MAJOR CHANGES

- The full FY93 personal services 5 percent COLA increase of \$1,628,000 general funds is included in the adjusted base.
- \$177,200 is requested to annualize the funding for the Alaska Mental Health Trust Authority program.
- \$341,800, previously vetoed, is restored to fund ten Trial Court positions.
- \$411,700 would be allocated for increased juror compensation.

The Fiscal Year 1993 Budget:

- Other requests include twelve new or restored Trial Courts positions to improve operating efficiency, \$505,800; four new positions to respond to workload created by the Victims' Rights Act, \$143,400; two new positions for the Mediation Project, \$128,400; and \$63,100 for restoration of four nonpermanent positions for the Arctic North Slope Royalty Case litigation (Amerada Hess) vetoed in FY92.
- \$368,500 for five new administrative positions and additional warehouse space is proposed.

POSITION SUMMARY

	FY91	FY92	FY93
PFT	625	626	642
PPT	30	30	35

COMMISSION ON JUDICIAL CONDUCT

The Commission on Judicial Conduct is established under the *Alaska Constitution* to investigate complaints of alleged misconduct by judges and justices.

The commission's request was completed after the governor had released his initial budget request so the FY92 Authorized total of \$332,200 general funds was used in the proposed bill. Since then, the commission has submitted a request of \$307,200 general funds. The new request is a 7.5 percent decrease from FY92 Authorized.

The Commission on Judicial Conduct proposes to reduce its full-time staff from three to two positions within the first six months of FY93. With the planned elimination by then of its backlog of complaints, the commission believes a minimal number of staff will be able to handle the on-going workload.

JUDICIAL COUNCIL

The Judicial Council is constitutionally established to nominate candidates to the governor to fill supreme court and superior court judicial vacancies, to conduct studies, and make recommendations to the supreme court and legislature for improvements in the administration of justice in Alaska. The council is also mandated by statute to nominate candidates for vacancies in the court of appeals, district courts, and public defender position. The council is also empowered by statute to evaluate justices and judges in retention elections.

The Judicial Council requests \$635,100 for FY93, including increments for the 5 percent COLA increase, increased non-personal service related operating costs, improved public education on the judicial retention process, and a temporary Rural Justice Evaluator to provide information to state courts and other agencies on alternative dispute resolution processes available in rural Alaska. The council also proposes a decrement for its Mediation Project to reflect its completion.

ALASKA STATE LEGISLATURE

The Alaska State Legislature is the legislative branch of state government as provided in the *Alaska Constitution*. The four budget request units are Budget and Audit Committee, Committee Expenses, Legislative Council (Legislative Affairs Agency), Legislative Operating Budget (Leadership), and the Ombudsman.

SUMMARY ANALYSIS

The legislative budgets are tentative and are included in the governor's proposed budget for information purposes at the time it is submitted to the legislature. The actual legislative agency requests are submitted to the finance committees during session.

The tentative budgets are proposed approximately at the same level as FY92 with requested restorations of vetoed amounts to base levels, the funding of cost of living adjustments, and transfer-in with full funding of information systems chargeback from the Department of Administration.

The requested general fund support level is \$37,819,300, total funds \$38,525,100.

