

# The Fiscal Year 2027 Budget:

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

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*Legislative Finance Division*  
[www.legfin.akleg.gov](http://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;
- (8) not later than the first legislative day of each first regular session of each legislature,  
(A) conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095; and  
(B) "conduct a review of inactive state accounts and funds and make recommendations if any should be repealed...."

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## UGF Short Fiscal Summary - FY26/FY27 Budget

(\$ Millions) (Unrestricted General Funds)		FY26 Budget	FY27 Governor	Change, FY26 to FY27
<b>1</b>	<b>Revenue</b>	<b>5,981.9</b>	<b>6,205.9</b>	<b>224.0</b> <b>3.7%</b>
2	UGF Revenue (DOR Fall 2025 Forecast)	2,148.2	2,218.6	70.4 <span style="font-size: small;">3.3%</span>
3	POMV Draw	3,798.9	3,996.9	198.0 <span style="font-size: small;">5.2%</span>
4	Misc/Adjust	34.8	(9.6)	(44.4)
<b>5</b>	<b>Appropriations</b>	<b>6,144.1</b>	<b>7,746.1</b>	<b>1,601.9</b> <b>26.1%</b>
6	<b>Operating Budget</b>	<b>5,229.6</b>	<b>5,223.6</b>	<b>(6.0)</b> <b>-0.1%</b>
7	Agency Operations	4,771.1	4,772.0	0.9 <span style="font-size: small;">0.0%</span>
8	Statewide Items	418.5	451.6	33.1 <span style="font-size: small;">7.9%</span>
9	Supplemental Appropriations	40.0	-	(40.0)
10	<b>Capital Budget</b>	<b>229.2</b>	<b>156.6</b>	<b>(72.6)</b> <b>-31.7%</b>
11	Current Year Appropriations	159.1	156.6	(2.5) <span style="font-size: small;">-1.6%</span>
12	Supplemental Appropriations	70.2	-	(70.2)
13	<b>Permanent Fund</b>	<b>685.3</b>	<b>2,365.9</b>	<b>1,680.6</b> <b>245.2%</b>
14	Permanent Fund Dividends	685.3	2,365.9	1,680.6 <span style="font-size: small;">245.2%</span>
15	<b>Pre-Transfer Surplus/(Deficit)</b>	<b>(162.2)</b>	<b>(1,540.2)</b>	<b>Reserve Balances (EOY)</b>
16	Fund Transfers	(0.9)	(1.3)	<b>FY26</b> <b>FY27</b>
17	Supplemental Fund Transfers	-	-	-
18	<b>Post-Transfer Surplus/(Deficit)*</b>	<b>(161.3)</b>	<b>(1,538.9)</b>	<b>CBR</b> <span style="font-size: small;">3,162.1</span> <span style="font-size: small;">1,738.0</span> <b>ERA</b> <span style="font-size: small;">11,991.3</span> <span style="font-size: small;">13,160.9</span>

\*The Governor's proposal draws the FY26 deficit, estimated to be \$161.3 million, but not to exceed \$250.0 million, from the CBR. The Governor's proposal draws the FY27 deficit, estimated to be \$1,538.9 million, from the CBR.

January 12, 2026

# Legislative Fiscal Analyst's Overview of the Governor's FY2027 Request

## State of Alaska Detailed Fiscal Summary - FY26 and FY27 (Part 1)

FY26 Management Plan plus Governor's Supplements										FY27 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	\$	%			
<b>REVENUE</b>	<b>5,981.9</b>	<b>1,168.9</b>	<b>1,147.1</b>	<b>7,098.3</b>	<b>15,396.2</b>	<b>6,205.9</b>	<b>1,123.3</b>	<b>1,037.2</b>	<b>5,953.2</b>	<b>14,319.5</b>	<b>224.0</b>	<b>3.7%</b>			
1 Unrestricted General Fund Revenue (Fall 2025 Forecast) (1)	2,148.2	-	-	-	-	6,218.6	-	-	-	2,218.6	70.4	3.3%			
2 PONV Payout from ERA	3,798.9	65.3	33.2	125.6	258.9	3,986.9	-	-	-	3,996.9	198.0	5.2%			
3 Adjustments, Carryforward, Repeals, and Reappropriations (2)	34.8	-	-	-	-	(9.6)	-	-	-	(3.3)	-	-10.0%			
4 NPA-A Revenue Adjustment (3)	-	-	-	-	-	-	-	-	-	-	-				
5 Restricted Revenue (4)	-	1,103.6	1,113.9	6,972.7	9,190.2	-	1,123.3	1,040.5	5,940.3	8,104.0	-				
<b>APPROPRIATIONS</b>															
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>5,229.6</b>	<b>978.5</b>	<b>952.8</b>	<b>4,713.3</b>	<b>11,874.1</b>	<b>5,223.6</b>	<b>926.5</b>	<b>938.5</b>	<b>4,254.2</b>	<b>11,342.7</b>	<b>(6.0)</b>	<b>-0.1%</b>			
<b>Agency Operations</b>	<b>4,771.1</b>	<b>846.4</b>	<b>875.3</b>	<b>4,509.2</b>	<b>11,002.0</b>	<b>4,772.0</b>	<b>851.8</b>	<b>857.4</b>	<b>4,160.5</b>	<b>10,641.7</b>	<b>0.9</b>	<b>0.0%</b>			
9 Current Fiscal Year Appropriations	4,771.1	846.4	875.3	4,509.2	11,002.0	4,772.0	851.8	857.4	4,160.5	10,641.7	0.9	0.0%			
10 Agency Operations (Non-Formula)	2,474.7	774.5	824.2	4,509.2	11,002.0	2,435.1	5,508.6	2,511.9	804.0	1,324.2	5,421.8	1.5%			
11 K-12 Foundation and Pupil Transportation (Formula)	1,334.0	-	35.5	20.8	1,390.3	1,301.4	728.6	746.6	15.5	1,365.5	(27.2)	-2.0%			
12 Medicaid Services (Formula)	756.9	0.4	15.5	2,728.6	3,501.4	714.4	124.7	401.7	206.7	69.6	124.3	400.6	-1.4%		
13 Other Formula Programs	205.6	-	-	200.0	-	-	-	-	-	-	-	-	0.5%		
14 Revised Programs Legislatively Approved (RPLs)	-	-	-	1,070.1	-	1,070.1	-	-	-	1,114.3	-	-			
15 Duplicated Authorization (non-additive) (5)	-	-	-	-	-	-	-	-	-	-	-	-			
<b>Statewide Items</b>	<b>458.5</b>	<b>132.1</b>	<b>77.5</b>	<b>204.1</b>	<b>872.2</b>	<b>451.6</b>	<b>74.7</b>	<b>81.1</b>	<b>93.6</b>	<b>701.0</b>	<b>(6.9)</b>	<b>-1.5%</b>			
16 Current Fiscal Year Appropriations	418.5	132.1	77.5	204.1	872.2	451.6	74.7	81.1	93.6	701.0	33.1	7.9%			
17 Debt Service	110.5	11.0	38.0	2.7	162.2	118.6	9.5	37.0	2.3	167.4	8.1	7.3%			
18 Fund Capitalizations	79.8	38.5	34	82.4	204.1	99.1	34.1	55	91.3	230.0	19.3	24.2%			
19 Community Assistance	-	13.3	-	-	-	13.3	-	-	-	-	14.0	-			
20 REEA School Fund	17.2	-	-	-	-	17.2	19.6	-	-	-	19.6	2.4	14.2%		
21 Disaster Relief Fund	13.0	-	-	-	-	9.0	22.0	24.0	-	-	9.0	11.0	84.0%		
22 Fire Suppression Fund	47.5	-	-	3.6	20.5	71.0	47.5	-	5.0	20.5	73.0	-	0.0%		
23 Other Fund Capitalization	27.1	25.1	0.4	52.9	80.6	8.0	20.1	0.5	61.8	90.4	5.9	283.4%			
24 State Payments to Retirement Systems	220.0	-	-	-	220.0	233.9	-	-	-	233.9	14.0	6.3%			
25 Shared Taxes	-	29.1	36.1	65.2	-	31.1	38.6	-	-	69.7	-	-			
26 Alaska Comprehensive Insurance Program	-	53.5	-	116.9	172.4	-	-	-	-	-	-	-			
27 Other Statewide Items	8.2	-	-	5.9	-	8.2	-	-	-	-	-	-	(8.2)		
28 Duplicated Authorization (non-additive) (5)	-	-	-	-	-	40.0	-	-	-	10.1	-	-			
29 Supplemental Appropriations (Statewide Items)	40.0	-	-	-	-	-	-	-	-	-	-	-			
30 Supplemental Appropriations	40.0	-	-	-	-	-	-	-	-	-	-	-			
<b>TOTAL CAPITAL APPROPRIATIONS</b>	<b>229.2</b>	<b>60.9</b>	<b>194.1</b>	<b>2,385.0</b>	<b>2,869.2</b>	<b>156.6</b>	<b>60.2</b>	<b>101.7</b>	<b>1,673.2</b>	<b>1,991.7</b>	<b>(72.6)</b>	<b>-31.7%</b>			
32 Current Fiscal Year Appropriations	159.1	60.9	193.4	2,385.0	2,798.4	156.6	60.2	101.7	1,673.2	1,991.7	(2.5)	-1.6%			
33 Project Appropriations	159.1	60.9	193.4	2,381.4	2,794.8	156.6	60.2	101.7	1,673.2	1,991.7	(2.5)	-1.6%			
34 Revised Programs Legislatively Approved (RPLs)	-	-	81.1	3.6	3.6	-	-	-	-	-	-	-			
35 Duplicated Authorization (non-additive) (5)	-	-	0.7	-	81.7	-	-	-	-	-	-	-			
36 Supplemental Appropriations (Capital)	70.2	-	-	-	-	70.8	-	-	-	-	-	-			
37 Capital Projects	70.2	-	-	-	-	70.8	-	-	-	-	-	-			
38 Money on the Street (includes all fund sources) (6)	229.2	60.9	275.2	2,385.0	2,950.3	156.6	60.2	184.6	1,673.2	2,074.6	-	-			
39 Pre-Permanent Fund Authorization (unduplicated)	5,458.8	1,039.4	1,146.8	7,098.3	14,743.4	5,380.2	986.7	1,040.2	5,927.4	13,334.5	(78.7)	-1.4%			
40 Revenue less operating and capital appropriations	523.1	-	-	-	-	825.7	-	-	-	-	-	-			
41 Permanent Fund Appropriations	685.3	79.5	-	-	-	764.8	2,365.9	108.6	-	3.2	2,477.7	1,680.6	245.2%		
42 Permanent Fund Appropriations	685.3	79.5	-	-	-	695.3	2,365.9	108.6	-	3.2	2,477.7	1,680.6	245.2%		
43 Permanent Fund Dividends to Principal (3)	-	-	-	-	-	79.5	1,491.0	-	-	-	1,491.0	1,491.0	245.2%		
44 Non-Mandatory Deposit to Principal (3)	-	-	-	-	-	-	(1,491.0)	-	-	-	(1,491.0)	(1,491.0)	-		
45 Transfer to Principal from Earnings Reserve Account to Principal	-	-	-	-	-	-	-	-	-	-	-	-			
46 Transfer from Earnings Reserve Account to Principal	-	-	-	-	-	-	-	-	-	-	-	-			
47 Pre-Transfers Authorization (unduplicated)	6,144.1	1,118.9	1,146.8	7,098.3	15,508.2	7,746.1	1,095.3	1,040.2	5,930.6	15,812.2	1,601.9	26.1%			
48 Pre-Transfer Surplus/(Deficit) (7)	(162.2)	Revenue =	97.4%	of Appropriations	(1,540.2)	Revenue =	80.1%	of Appropriations							

## State of Alaska Detailed Fiscal Summary - FY26 and FY27 (Part 1)

	FY26 Management Plan plus Governor's Supplements						FY27 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	\$	%
49 <b>Fund Transfers (8)</b>	<b>(0.9)</b>	<b>50.0</b>	<b>0.2</b>	<b>-</b>	<b>49.3</b>	<b>(1.3)</b>	<b>27.9</b>	<b>0.2</b>	<b>9.7</b>	<b>36.6</b>	<b>(0.4)</b>	<b>38.8%</b>
50 <b>Current Fiscal Year Transfers</b>	<b>(0.9)</b>	<b>34.1</b>	<b>0.2</b>	<b>-</b>	<b>33.4</b>	<b>(1.3)</b>	<b>27.9</b>	<b>0.2</b>	<b>9.7</b>	<b>36.6</b>	<b>(0.4)</b>	<b>38.8%</b>
51 Renewable Energy Fund	-	6.3	-	-	6.3	-	26.3	-	-	26.3	-	
52 Alaska Capital Income Fund	-	26.5	-	-	26.5	-	-	-	-	(1.3)	-	
53 Railbelt Energy Fund	-	-	-	-	-	-	-	-	-	-	-	
54 Other Fund Transfers (3)	(0.9)	1.3	0.2	-	0.6	(1.3)	1.6	0.2	9.7	11.6	0.9	
55 <b>Supplemental Appropriations (Fund Transfers)</b>	<b>-</b>	<b>15.9</b>	<b>-</b>	<b>-</b>	<b>15.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
56 Oil & Hazardous Substance Fund	(129.6)	15.9	-	-	15.9	(129.6)	-	-	-	-	-	
57 Constitutional Budget Reserve (CBR) (9)	129.6	-	-	-	129.6	-	-	-	-	-	-	
58 Higher Education Investment Fund (9)	-	-	-	-	-	-	-	-	-	-	-	
59 <b>Post-Transfers Authorization (unduplicated)</b>	<b>6,143.2</b>	<b>1,168.9</b>	<b>1,147.1</b>	<b>7,098.3</b>	<b>15,557.5</b>	<b>7,744.8</b>	<b>1,123.3</b>	<b>1,040.5</b>	<b>5,940.3</b>	<b>15,848.8</b>	<b>1,601.6</b>	<b>26.1%</b>
60 <b>Post-Transfer Surplus/(Deficit) (10)</b>	<b>(161.3)</b>	<b>Revenue =</b> <b>97.4% of Appropriations</b>	<b>(1,538.9)</b>	<b>Revenue =</b> <b>80.1% of Appropriations</b>	<b>(1,538.9)</b>	<b>Revenue =</b> <b>80.1% of Appropriations</b>	<b>(1,538.9)</b>	<b>Revenue =</b> <b>80.1% of Appropriations</b>	<b>(1,538.9)</b>	<b>Revenue =</b> <b>80.1% of Appropriations</b>	<b>(1,538.9)</b>	<b>Revenue =</b> <b>80.1% of Appropriations</b>
61 <b>FISCAL YEAR SUMMARY</b>	<b>6,143.2</b>	<b>1,168.9</b>	<b>1,147.1</b>	<b>7,098.3</b>	<b>15,557.5</b>	<b>7,744.8</b>	<b>1,123.3</b>	<b>1,040.5</b>	<b>5,940.3</b>	<b>15,848.8</b>	<b>1,601.6</b>	<b>26.1%</b>
62 <b>Agency Operations</b>	4,771.1	846.4	875.3	4,509.2	11,002.0	4,772.0	851.8	857.4	4,160.5	10,641.7	0.9	0.0%
63 Statewide Items	458.5	132.1	77.5	204.1	872.2	451.6	74.7	81.1	93.6	701.0	(6.9)	-1.5%
64 Permanent Fund Appropriations	685.3	79.5	-	-	764.8	2,355.9	108.6	3.2	3.2	2,477.5	-1,680.6	245.2%
65 <b>Total Operating</b>	<b>5,914.9</b>	<b>1,058.0</b>	<b>952.8</b>	<b>4,713.3</b>	<b>12,638.9</b>	<b>7,569.5</b>	<b>1,035.1</b>	<b>938.5</b>	<b>4,257.4</b>	<b>13,820.5</b>	<b>1,674.6</b>	<b>28.3%</b>
66 <b>Capital Transfers</b>	<b>229.2</b>	<b>60.9</b>	<b>194.1</b>	<b>2,385.0</b>	<b>2,869.2</b>	<b>156.6</b>	<b>60.2</b>	<b>101.7</b>	<b>1,673.2</b>	<b>1,991.7</b>	<b>(72.6)</b>	<b>-31.7%</b>
67	<b>(0.9)</b>	<b>50.0</b>	<b>0.2</b>	<b>-</b>	<b>49.3</b>	<b>(1.3)</b>	<b>27.9</b>	<b>0.2</b>	<b>9.7</b>	<b>36.6</b>	<b>(0.4)</b>	<b>38.8%</b>

## Notes:

- The Department of Revenue's (DOR) Fall 2025 Revenue Sources Book (RSB) foresees 524,800 barrels per day total Alaska production at \$62 per barrel in FY27.
- 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. Reappropriations to operating budget funds are counted as UGF revenue.
- Federal royalties from the National Petroleum Reserve-Alaska (NPR-A) shared with the State have historically been considered federal revenue. The Fall 2025 RSB reclassifies this revenue for FY27 as \$9.6 million UGF, \$3.2 Permanent Fund deposits, and \$0.1 to the Public School Trust Fund deposits. Legislative Finance maintains the classification of NPR-A revenues as federal.
- Restricted revenue equals spending for each category. Designated general funds 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.
- 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.
- 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.
- 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."
- "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.
- The post-transfer deficit for FY25, estimated to be \$129.6 million, is drawn from the Higher Education Investment Fund (HEIF). A \$129.6 million initial deficit draw was made from the HEIF in September 2025, but the draw amount will not be finalized until the FY25 Annual Comprehensive Financial Report is released. The Governor's FY27 budget proposes transferring a sum certain of \$129.6 million from the Constitutional Budget Reserve (CBR) to the HEIF.
- The Governor's proposal draws the FY26 deficit, estimated to be \$161.3 million, but not to exceed \$250.0 million, from the CBR. The Governor's proposal draws the FY27 deficit, estimated to be \$1,538.9 million, from the CBR.

Projected Fund Balances - FY26 and FY27 (Part 2)						
	FY26			FY27		
	BoY Balance	In	Out/ (Deposit)	BoY Balance	In	Out/ (Deposit)
<b>Total Budget Reserves and Designated Funds</b>	<b>4,697.9</b>	<b>384.6</b>	<b>445.7</b>	<b>4,636.8</b>	<b>256.1</b>	<b>1,683.3</b>
<b>Undesignated Reserves</b>	<b>3,337.9</b>	<b>116.3</b>	<b>292.2</b>	<b>3,162.1</b>	<b>3,162.1</b>	<b>114.9</b>
Constitutional Budget Reserve Fund	3,336.6	116.3	290.9	3,162.1	3,162.1	114.9
Statutory Budget Reserve Fund	-	-	-	-	-	-
Alaska Housing Capital Corporation Fund	1.3	-	1.3	-	-	-
<b>Select Designated Funds</b>	<b>1,360.0</b>	<b>268.2</b>	<b>153.5</b>	<b>1,474.8</b>	<b>141.2</b>	<b>144.5</b>
Alaska Capital Income Fund	(5.7)	25.9	20.0	0.2	0.2	26.3
Alaska Higher Education Investment Fund	305.6	153.8	40.0	419.3	419.3	26.7
Community Assistance Fund	70.0	13.3	23.3	60.0	60.0	14.0
Power Cost Equalization Endowment	990.1	75.2	70.2	995.2	995.2	74.2
Unrestricted General Fund Appropriations				6,144.1		7,746.1
Reserves Ratio (Undesignated Reserves / Pre-Transfer Budget)				51%		22%
Pre-Transfer Deficit				(162.2)		(1,540.2)
Years of Deficit Coverage (Undesignated Reserves / Pre-Transfer Deficit)				19.5		1.1
<b>Permanent Fund *</b>						
Permanent Fund Principal - Realized (no appropriations allowed)	58,854.5	391.2	0.0	59,245.7	428.5	0.0
Permanent Fund Earnings Reserve Account - Realized	10,231.2	5,385.5	3,825.4	11,991.3	5,192.5	4,022.9
Permanent Fund -- Unrealized Gain (Loss)	16,013.8	2,239.0	0.0	18,252.8	965.0	0.0
<b>TOTAL PERMANENT FUND</b>	<b>85,099.6</b>	<b>8,215.7</b>	<b>3,825.4</b>	<b>89,489.9</b>	<b>6,586.0</b>	<b>4,022.9</b>

\*Alaska Permanent Fund Corporation (APFC) history and projections as of November 30, 2025. Includes LFD adjustments.

January 12, 2026

## Executive Summary

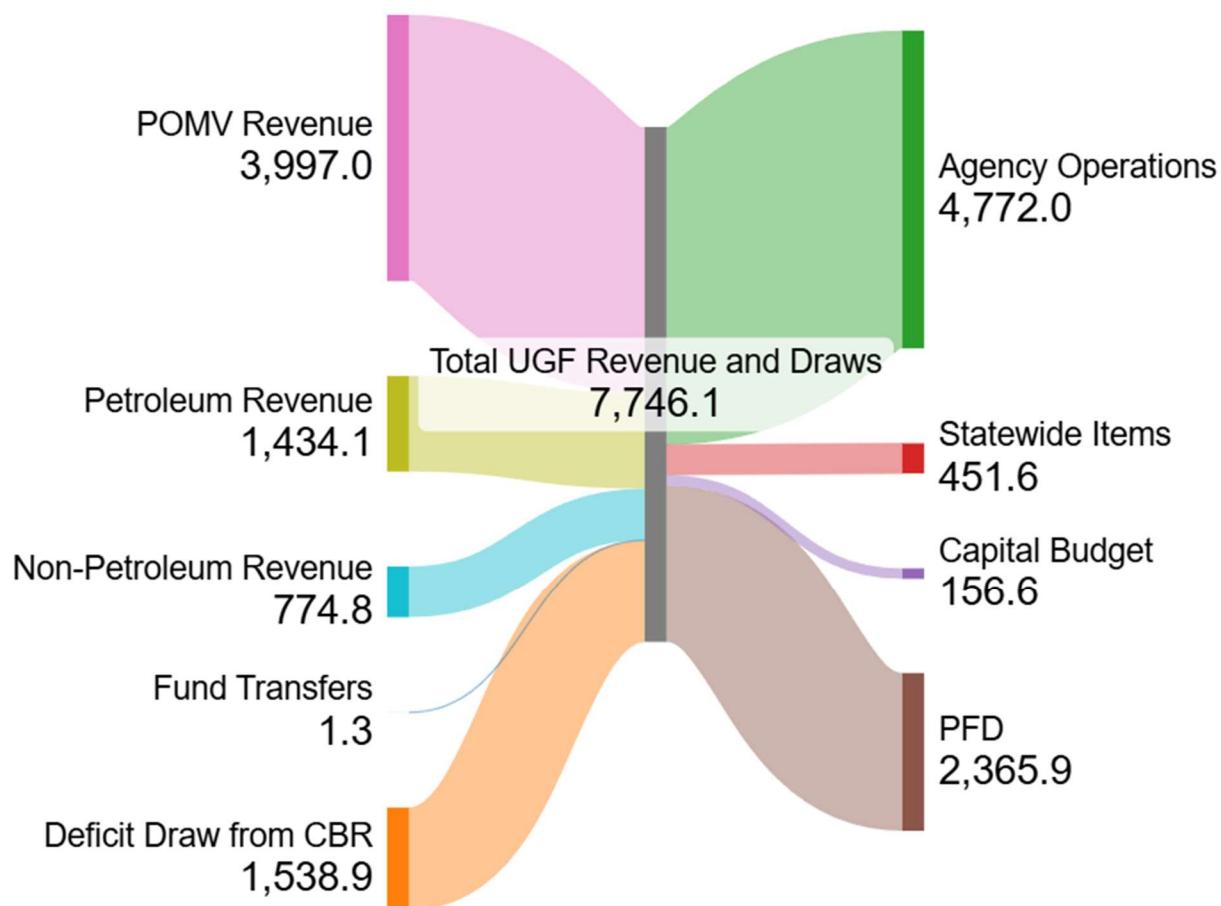
As required by law, the Governor released his FY27 budget proposal to the public and the legislature on December 11, 2025. The Legislative Finance Division prepared this Overview of the Governor's Budget and "Subcommittee Books" for each agency in accordance with AS 24.20.211-.231.

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 focuses on outlining the fiscal situation and presenting the budget in a way that provides objective information to the legislature.

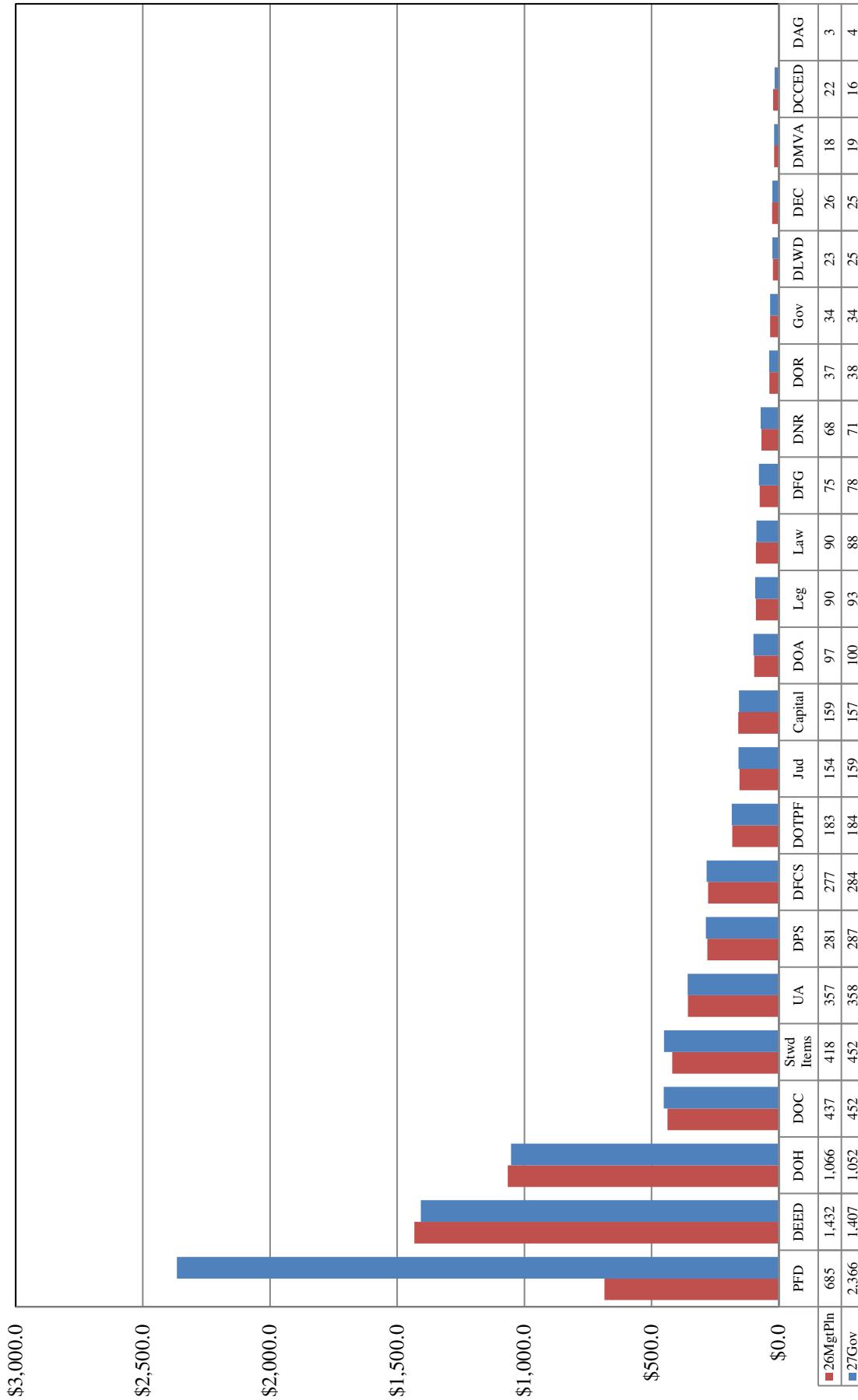
The first chapters in this publication primarily refer to Unrestricted General Funds (UGF). These are the state revenues with no constitutional or statutory restrictions on their use. The statewide fiscal surplus or deficit is calculated using this fund source group. Later in the publication, individual 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.

When the legislature passed the FY26 budget in May of 2025 and the Governor signed it that June, the year had a projected budget surplus, but a reduced revenue forecast turned that into a projected deficit. For FY27, the Governor's proposed budget includes a projected \$1.5 billion deficit, which may grow as additional items are added in subsequent amendments.

UGF Revenue and Budget: FY27 Governor's Request  
(\$ Millions)



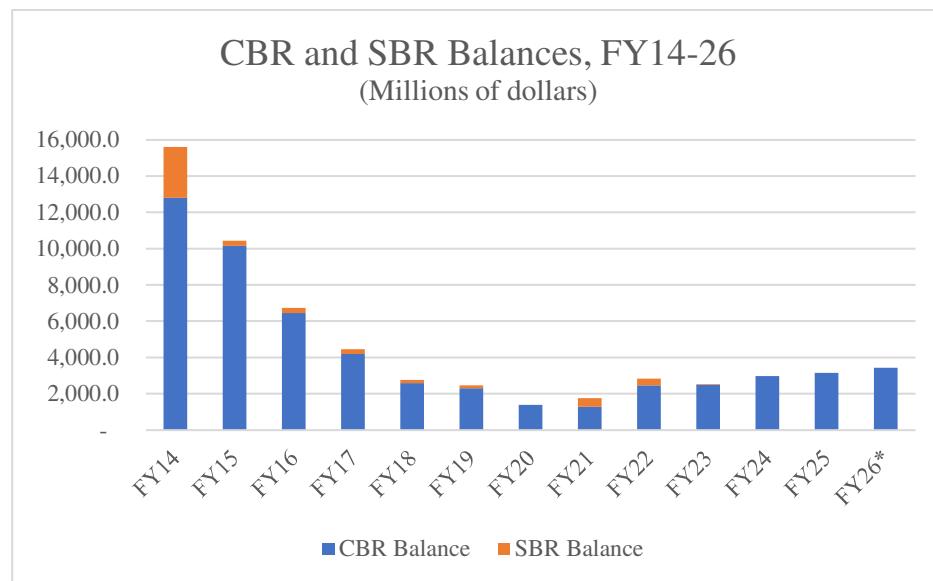
**FY27 Governor's Budget Compared to FY26 Management Plan**  
UGF Only - (\$ Millions)



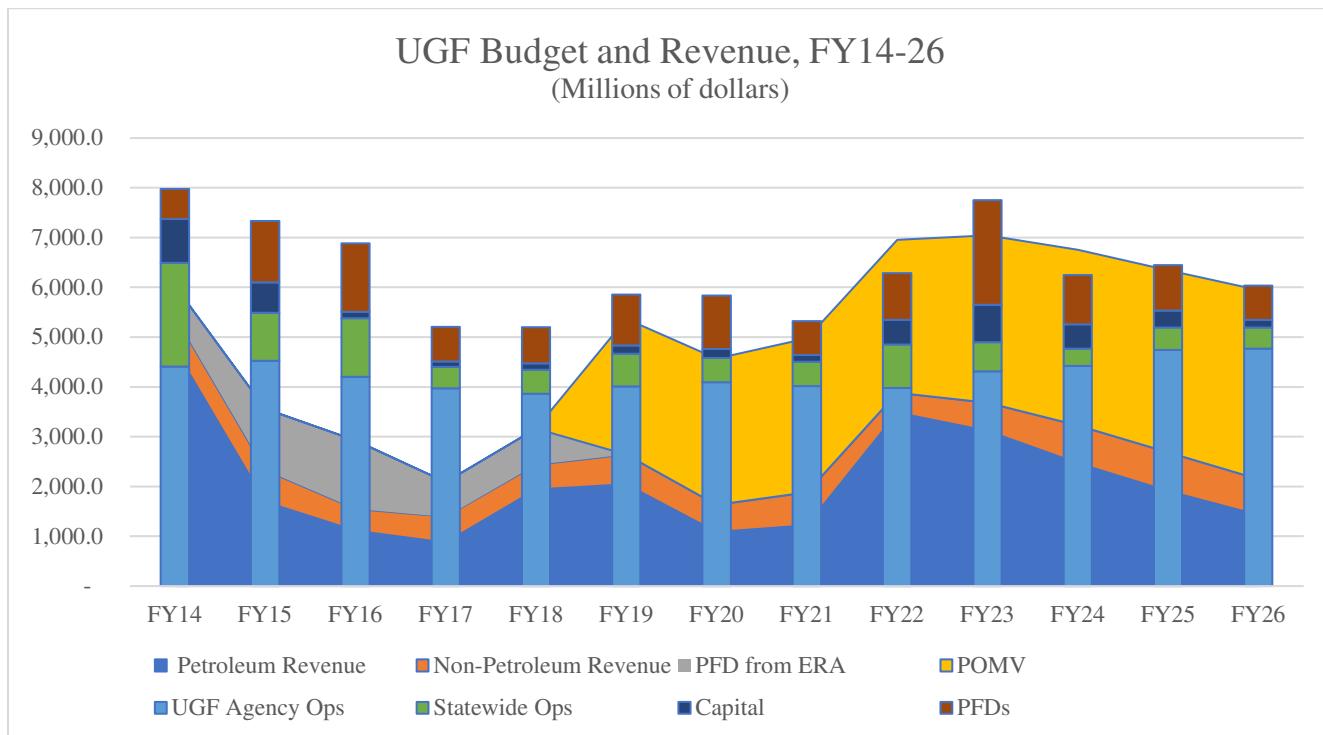
## Alaska's Overall Fiscal Situation

Alaska's fiscal situation has stabilized significantly since the 2014 oil price crash, though structural challenges remain. After oil prices declined sharply in 2014, the State ran multi-billion-dollar budget deficits until adopting a statutory Percent of Market Value (POMV) draw from the Permanent Fund in FY19. From FY14 through FY18, the State ran pre-transfer deficits of nearly \$3 billion per year. From FY19 through FY25 pre-transfer deficits averaged about \$250 million per year. Some of those deficits were filled with temporary federal funds allocated to Alaska during the COVID-19 pandemic, while other deficits have required drawing from savings.

During the initial years, combined savings account balances were drawn down from nearly \$16 billion to a low of under \$2 billion in FY20. Since then, the value of the Constitutional Budget Reserve has increased to about \$3.3 billion entering FY26 because deficit draws have been more than offset by investment revenue and deposits.



**UGF Budget and Revenue, FY14-26**  
(Millions of dollars)



The legislature and Governor reduced spending significantly when oil prices declined and it remains below FY15 levels. UGF agency operations spending in the FY26 Management Plan is \$247.9 million (5.5%) above the FY15 budget in nominal dollars, but in inflation-adjusted terms, it is \$924.9 million (16.6%) below. Statewide items (excluding the PFD and a one-time transfer to the retirement accounts in FY15 above the normal cost of retirement) are down by \$1.3 billion (75.5%) since FY15 in nominal terms, or \$1.7 billion (80.6%) in inflation-adjusted terms.

On the revenue side, the POMV draw is the only significant revenue measure adopted since oil prices fell. In 2025, the legislature passed the most significant revenue measure since the POMV draw: SB 113, which changed corporate income tax apportionment rules to target digital businesses and was estimated to bring in \$25 to \$65 million per year. The Governor vetoed the bill, but the legislature could still override that veto during the 2026 session.

## How the Governor's Budget Request Fits In

For the seventh straight year, the Governor's budget submission includes a fiscal budget deficit (not counting the use of savings). In his FY27 submission, that deficit is projected to be around \$1.5 billion, or about 25% of Alaska's UGF revenue.

In last year's Overview of the Governor's Budget, we wrote:

From FY22 through FY25, the budget process has followed a similar script each year: the Governor proposes a budget with a substantial deficit, then the legislature has reduced the Permanent Fund Dividend (PFD) amount proposed by the Governor, increased the budget for other items, and passed a budget that does not rely on drawing from the Constitutional Budget Reserve (although some have relied on other funds such as utilization of federal COVID relief funding for revenue replacement or drawing from the Statutory Budget Reserve). In some years, revenue projections decreased after the legislature passed their budgets, leaving a deficit that the legislature must address in the supplemental budget (such as in FY23 and in FY25). The result is that the PFD appropriation and the capital budget have fluctuated along with oil prices, acting as a shock absorber outside of the operating budget rather than reflecting a structured long-term plan.

Once again in FY26 the Governor's budget submission includes a statutory PFD, an incomplete budget for State operations, and a sizeable budget deficit. This illustrates that Alaska still has a structural budget deficit: if our spending statutes are followed, revenue is insufficient to pay for expenditures. The legislature could choose to take the same approach as it has for the past several years and muddle through without a long-term plan, or it could choose to address the structural issue through revenue measures or changes to spending statutes.

All of this applies once again to the Governor's FY27 budget submission, and to the results of the FY26 budget process. Alaska still has a structural budget deficit, and without a plan to resolve it, the "muddle-through" fiscal plan continues. In the absence of a big-picture fiscal plan, the budget process often focuses on minor budget items that have little effect on the fiscal health of the State. The difficult decisions about whether to continue or terminate existing programs and what investments may be needed to make those programs sustainable are often put off to the future.

# Building the FY27 Budget

## FY27 Adjusted Base

The Governor's FY27 budget represents a set of changes from the Adjusted Base, which the Legislative Finance Division establishes using the FY26 Enacted budget less one-time appropriations, plus current statewide policy decisions (such as salary adjustments and formula adjustments) needed to maintain services at a status quo level.

### The FY26 budget included \$31.6 million in

**UGF for one-time items and prior year Multiyear appropriations.** Several of these items were initiated prior to FY26 as Multiyear appropriations, so the amounts represent the amount remaining in the appropriation after prior year spending.

**The FY27 Adjusted Base includes \$111.9 million in total salary adjustments, of which \$55.1 million is UGF.** Salary adjustments in the FY27 Adjusted Base include PERS rate adjustments, health insurance adjustments for most State employees, and Cost of Living Adjustments (COLAs) for members of four bargaining units. The COLAs are not automatic and must be approved by the legislature through the budget to take effect but are in the Adjusted Base because they do not represent a service level change and cannot be taken individually.

There are five bargaining units currently negotiating for FY27 that may be included in future Governor's amendments.

**Formula changes increase UGF costs by \$22.3 million but decrease total costs by \$14.3 million.** For the K-12 Formula, changes including a projected 2,064 (2.0%) decrease in the number of brick-and-mortar students (only partially offset by an 861-student increase in correspondence students) which results in a reduced Basic Need calculation. In addition, higher local property values reduce the State cost, leading to a projected reduction in UGF State funding

One-Time Item Summary (in Thousands)		
Item	UGF	All Funds
DOH: New SNAP Projects FY25-26	(5,954.3)	
UA: Research Projects	(5,588.2)	
DCCED: ASMI FY25-27	(5,000.0)	
DOTPF: AMHS Backstop	(5,000.0)	
Law: A Better Child Lawsuit	(2,872.8)	
Law: Statehood Defense	(2,500.0)	
DEC PFAS FY25-27	(2,067.7)	
All Other Items	(2,604.7)	
<b>Total</b>	<b>(31,587.7)</b>	

Salary Adjustments Summary (in Thousands)		
Item	UGF	All Funds
Health Insurance	15,687.1	31,660.5
PERS/JRS Rate	11,766.8	23,346.2
GGU COLA (3%)	11,401.0	27,464.9
GGU Bonus Adjust	(1,407.0)	(3,878.5)
SU COLA (2.5%)	4,297.3	10,362.1
Exempt COLA (2.5%)	7,943.8	11,379.5
LTC COLA (2.5%)	1,600.3	4,298.8
Other BU COLAs	348.2	2,272.1
UA COLAs	3,474.5	4,963.4
<b>Total</b>	<b>55,112.0</b>	<b>111,869.0</b>

Formula Adjustments Summary (in Thousands)		
Item	UGF	All Funds
K-12 Foundation	(25,424.2)	(22,995.9)
K-12 Pupil Transportation	(1,770.0)	(1,770.0)
School Debt Reimbursement	(2,147.1)	(3,647.1)
Other Debt Service	(188.9)	619.0
State Contributions to Retirement	48,721.1	48,721.1
REAA Fund Capitalization	(2,461.0)	(2,461.0)
Community Assistance Fund	5,978.0	6,666.7
Other Formula Adjustments	(401.0)	(39,431.8)
<b>Total</b>	<b>22,306.9</b>	<b>(14,299.0)</b>

of \$25.4 million. Retirement contributions are up due primarily to higher PERS and TRS past service costs based on June 30, 2024, valuations and policy changes by the Alaska Retirement Management Board (see the Statewide Items section for more details about this item).

School debt reimbursement (and the capitalization of the REAA Fund) continues to decline due to the decade-long moratorium on new debt, which ended at the beginning of FY26. The amount in the Adjusted Base equals 75% funding of the full amount, matching the prorated funding in the FY26 budget. This is mirrored in the REAA Fund Capitalization.

The decrease in non-UGF formula adjustments is mainly due to Medicaid; FY26 had an additional week of payments compared to FY27 so the federal spending is projected to decrease.

## **Governor's FY27 Budget Proposal**

The Governor's December budget proposal is the starting point, but as always it is incomplete. From FY21-26, the Governor's Amended budget was on average \$103.3 million higher than the December submission. Some areas likely to grow include:

- Medicaid:** the Governor's December budget release did not include any change to Medicaid funding, but according to the Department of Health's December 15 projection, an additional **\$47.4 million** will be requested in the FY27 Governor's Amended budget. This figure may change based on trends in Medicaid spending between that projection and the February update. This figure also does not factor in any changes because of four rate rebalancing studies that DOH expects will be complete by January 2026. For more information on this item, see the narrative in the DOH section of this publication.
- Contractual increases for bargaining units under negotiation:** five units (three in the executive branch and two in the University of Alaska) are currently negotiating new contracts. By statute, these agreements and their monetary terms are due by the sixtieth day of the legislative session, but agreements are often reached after this date.
- Supplemental Nutrition Assistance Program (SNAP) administrative share:** in federal fiscal year (FFY) 2027, the State's share of administrative costs for the SNAP program will go from 25% to 50%, increasing State costs by an estimated **\$10.7 million**. This is not yet incorporated in the Governor's budget.

Additionally, the Governor's figures assume that the State passes the federal disparity test that allows the State to deduct federal impact aid from its share of K-12 spending. The State failed the FY26 test and is currently appealing the ruling. If the State fails its appeal, formula costs would go up by an estimated **\$78.9 million in FY26 and \$70.8 million in FY27**.

### **Agency Operations**

The Governor's FY27 budget for agency operations is \$0.9 million (0.0%) above the FY26 Management Plan, and

<b>Governor's FY27 Operating Budget Compared to Adjusted Base</b> (\$ millions, UGF only)				
	<b>Adj. Base</b>	<b>Governor</b>	<b>Comparison</b>	
Agency Operations	4,760.7	4,772.0	11.3	0.2%
Statewide Items	466.1	451.6	(14.5)	(3.1%)
Permanent Fund Dividend	677.6	2,365.9	1,688.3	249.2%
<b>Total Operating Budget</b>	<b>5,904.4</b>	<b>7,589.5</b>	<b>1,685.1</b>	<b>28.5%</b>

\$11.3 million (0.2%) above the FY27 Adjusted Base.

The Agency Narratives section of this publication includes details of the Governor's proposed changes to agency budgets. Overall, the Governor's budget proposes few major changes to agency operations.

## Statewide Items

The Governor funds most Statewide items to their statutory levels, including the PFD, which is estimated to be \$2.4 billion, paying about \$3,700 per recipient. That also includes Debt Service, and fund capitalizations for which a clear spending rule exists. Some significant items include:

### **The Governor funds \$37.8 million below recommended levels for State Assistance to Retirement.**

The Governor's did not include the full funding amount recommended by the Alaska Retirement Management (ARM) Board. Based on the June 30, 2024, valuation, the Governor's budget includes \$31.0 million less than the ARM Board's recommendation for PERS and \$6.7 million less for TRS.

The ARM Board has shifted its approach multiple times since 2014, when the legislature directed it to pay off the existing unfunded liability over 25 years (ending in 2039):

- **FY15-17:** New unfunded liabilities from actuarial changes were rolled into the original liability, keeping the 2039 payoff date.
- **FY18-24:** The Board adopted "layering," treating each new liability separately with its own 25-year payment schedule.
- **FY25-26:** The Board eliminated layering and returned to rolling new liabilities into the original debt.
- **FY27:** the ARM Board resumed layering but retroactively shortened the post-2014 liabilities to 15 years.

The 15-year approach increases near-term costs but reduces total payments over time. The Governor rejected this approach for State Assistance to Retirement, instead funding the amount that would be required under the 25-year layering method used from FY18-24.

The Governor does fund the ARM Board's full recommendation for State employee retirement costs, which appear throughout agency budgets. The \$37.8 million shortfall applies only to State Assistance to Retirement, which pays pension costs on behalf of school districts and local governments.

**The Governor funds Community Assistance below the amount needed for base payments.** The legislature appropriated \$13.3 million to the fund in FY26, enough for a \$20.0 million distribution to communities in FY27. This is approximately enough to pay the base payments but no per capita

Community Assistance Fund Deposits and Distribution (\$ millions)				
	FY25	FY26	FY27	FY28
Starting Balance	\$60.0	\$70.0	\$60.0	\$54.0
<i>Distribution (1/3 of prior yr. balance)</i>	\$20.0	\$23.3	\$20.0	\$18.0
<i>Additional distribution</i>	\$10.0	\$ -	\$ -	\$ -
Total Distribution	\$30.0	\$23.3	\$20.0	\$18.0
Deposit to Fund	\$30.0	\$13.3	\$14.0	N/A
Ending Balance	\$70.0	\$60.0	\$54.0	N/A

payments. The Governor's FY27 budget includes a \$14.0 million appropriation, which would lead to an \$18.0 million distribution in FY28; this amount would cause the base payments to be prorated.

**School Debt Reimbursement and the REAA Fund are fully funded.** The School Debt Reimbursement program was closed to new projects from July 1, 2015, until July 1, 2025. New projects will have a lower reimbursement rate (40-50% versus 60-70%) than the pre-moratorium program. The Governor's budget fully funds the State's share. The estimated amount is based on projects authorized through 2025 municipal elections; additional debt authorized after that will be incorporated in future projections. The Governor also fully funds the Regional Education Attendance Area (REAA) Fund deposit, which is tied to School Debt in statute. Both items were funded at 75% of their estimated totals in the FY26 budget.

**Fire Suppression and Disaster Relief are funded at or above the FY26 Enacted budget.** Two Statewide items without a clear spending rule are the fund capitalizations for the Fire Suppression Fund (FSF) and the Disaster Relief Fund (DRF). In FY26, the legislature appropriated UGF equaling the average spending from those funds over the past five years, which was \$74.3 million for the FSF and \$23.3 million for the DRF. The Governor vetoed \$26.9 million and \$10.3 million from these, respectively (both bringing the figures down to match the FY25 Enacted amounts). The Governor's FY26 supplementals add back that vetoed funding and more: they include \$55.0 million for the FSF and \$40.0 million for the DRF.<sup>1</sup> The Governor's FY27 request for the FSF matches the pre-supplemental FY26 total, while his DRF figure is \$11.0 million higher than in FY26 due to expected costs associated with Typhoon Halong, among other disasters.

(in thousands)	<b>FY26 Enrolled</b>	<b>FY26 Enacted</b>	<b>FY26 Gov Sup</b>	<b>FY26 Total</b>	<b>FY27 Gov</b>
<b>Fire Suppression Fund</b>	74,338.4	47,482.7	55,000.0	102,482.7	47,482.7
<b>Disaster Relief Fund</b>	23,344.8	13,044.8	40,000.0	53,044.8	24,000.0

The full cost of a disaster often takes years to be felt in the budget; significant expenditures for the 2022 Typhoon Merbok response were posted to the DRF most recently in July of 2025. This makes it difficult to develop a clear spending rule; appropriations based on average costs may not be sufficient in the wake of a major disaster. Since fires generally do not have lingering suppression costs (although it can take several years to reconcile how much of the costs incurred are owed by the State and federal governments), appropriating something like the average cost is reasonable. In Washington State, for example, statutes direct the legislature to appropriate based on a ten-year average, dropping the high and low years.

More discussion of statewide items can be found in the Operating Language section of this publication.

### **Capital Budget**

The Governor's FY27 capital budget request totals **\$156.6 million of UGF**, down from \$159.1 million in the FY26 budget. However, the Governor's FY26 supplemental request, which provides highway

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<sup>1</sup> The \$55.0 million for Fire Suppression has not yet been formally requested but was in two disaster declarations and is included in the Governor's fiscal summary.

matching funds that were vetoed in the 2025 legislative session, adds \$70.2 million to the FY26 total, so the Governor's FY27 request is 31.7% below the FY26 Enacted plus his proposed supplementals.

The Governor's UGF spending in the FY27 capital budget is 82% General Fund Match used to leverage federal funds. Just \$4.1 million of the capital budget is UGF not associated with match, AHFC dividends, or the Mental Health Budget. The level of spending on maintaining and renewing capital infrastructure in the Governor's FY27 budget submission is likely insufficient to sustainably maintain current State government functions. While it is possible to get through the year without these investments, over time they take their toll, and FY27 will be the twelfth year in a row of constrained capital budgets.<sup>2</sup> While school facility issues have been widely publicized, many State facilities are also in need of repair or replacement and lack adequate funding to do so.

For more details on the capital budget, see the Capital Budget Overview section of this publication and the capital budget section of agency narratives.

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<sup>2</sup> Even in the relatively large capital budget appropriated in 2022, little funding went to deferred maintenance; of the \$986.4 million UGF spent in the capital budget that session, only \$65.8 million (6.7%) went to deferred or major maintenance. By comparison, from the 2010 session through the 2013 session, an average of \$109.0 million was spent on those purposes.

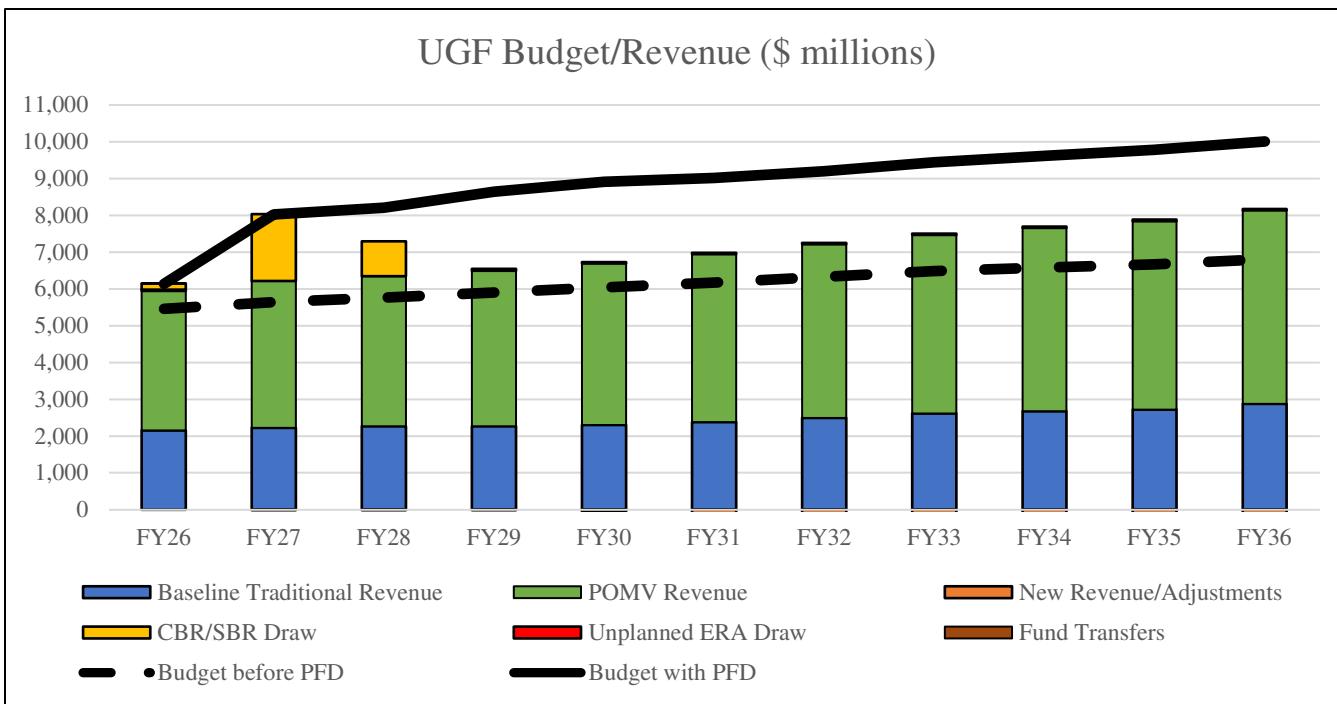
# Long-Term Fiscal Outlook

## LFD Baseline Fiscal Projections

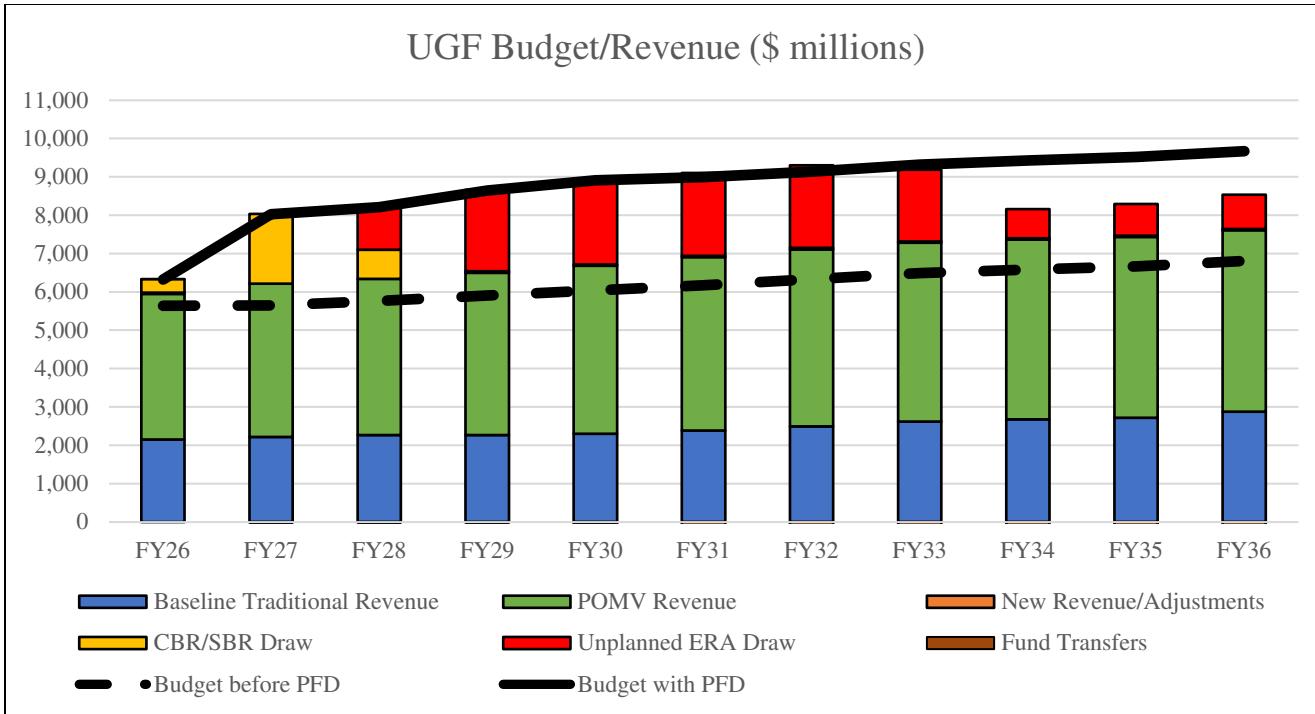
LFD's baseline projection shows a deficit of \$1.8 billion in FY27, increasing to over \$2.0 billion in FY29 and beyond. This would drain the Constitutional Budget Reserve by FY28. If the subsequent deficits are filled by drawing from the Earnings Reserve Account (ERA), the ERA would be depleted by FY33.

For the long-term baseline scenario, the Legislative Finance Division's fiscal model reflects current statutes and expenditures growing with inflation. It uses the FY26 Management Plan (less carryforward from prior years), growing with inflation of 2.5% per year, with all Statewide items (including the Permanent Fund Dividend) funded at their statutory level (or matching FY26 if there is no established formula). Because the FY26 capital budget was clearly underfunded, the baseline for that item adds in the Governor's proposed \$70.4 million of capital supplementals. Any policy or statutory changes can therefore be compared to this neutral baseline to see their effect on the fiscal situation.

Baseline	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Agency Operations	4,890.4	5,012.6	5,138.0	5,266.4	5,398.1	5,533.0	5,671.3	5,813.1	5,958.5	6,107.4
Statewide Items	474.6	464.1	472.3	474.3	467.6	486.2	499.1	444.1	377.3	364.6
Capital Budget	229.3	235.0	240.9	246.9	253.1	259.4	265.9	272.6	279.4	286.4
Suppl. Items	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
PFDs	2,378.8	2,444.2	2,740.8	2,874.6	2,849.1	2,872.2	2,953.2	3,035.6	3,119.8	3,206.1
<b>Total</b>	<b>8,023.1</b>	<b>8,205.9</b>	<b>8,642.0</b>	<b>8,912.2</b>	<b>9,017.9</b>	<b>9,200.9</b>	<b>9,439.5</b>	<b>9,615.4</b>	<b>9,785.0</b>	<b>10,014.4</b>



This baseline in the graph above does not include any deficit-filling draws from the ERA and leaves a \$500.0 million balance in the CBR for cashflow; the gap between the revenue bars and the budget line represents an unfilled deficit. If deficits are filled from the ERA, deficits would increase from the baseline scenario due to compounding effects, and by FY33, there would not be sufficient funds in the ERA to fill the entire deficit.



The FY26 budget or the FY27 Governor's budget are not necessarily good starting points for a sustainable budget going forward; due to low oil prices, the capital budget is likely unsustainably low. Meeting long-term deferred maintenance and renewal needs for State and school district facilities would require adding hundreds of millions of dollars to the budget. There are also significant fiscal headwinds facing the State in FY28 that are not present in FY26 or FY27. Any fiscal plan would need to address these changes to be successful. These include:

- **SNAP match:** In federal fiscal year (FFY) 2028 (corresponding with most of FY28 and part of FY29), the State will need to start paying a portion of SNAP costs ranging from 5% to 15%, depending on the State's error rate. This would correspond to a cost of **\$15.4 million to \$46.2 million**.
- **AMHS federal funds:** The Alaska Marine Highway's FY27 operating budget relies on **\$83.0 million** of federal funds, based on the fifth of five years of the Rural Ferry program. It is unclear whether these funds will be reauthorized or if the State will need to pick up that share once again.

These models demonstrate that there is a continued structural budget deficit. The legislature could choose to fill this deficit from any combination of spending reductions (including Permanent Fund Dividends, as it has done in recent years) and new revenue.

## **Governor's 10-Year Plan**

The Governor is required by AS 37.07.020(b) to "submit a fiscal plan with estimates of significant sources and uses of funds for the succeeding 10 fiscal years." The plan "must balance sources and uses of funds held while providing for essential state services and protecting the economic stability of the state," among other requirements.

The 10-Year Plan submitted by the Governor on December 11, 2025, does not comply with this statutory requirement; it relies on unspecified new revenue to balance deficits. In his budget announcement, the Governor stated his intention to submit a complete fiscal plan in January. This plan was not submitted in time to be analyzed in this publication. Further analysis will be forthcoming when details are available. This publication will not analyze the December 10-year plan since it is obviously incomplete.

# Constitutional and Statutory Appropriation Limits

Alaska has two appropriation limits: a limit in Article IX, Section 16 of the Alaska Constitution, and another in AS 37.05.540(b). Both limits factor in changes in inflation and population that can only be estimated ahead of time, so these figures may change when actual inflation and population changes are known.

The constitutional limit is binding, but the statutory limit can be (and has been) exceeded through the appropriations process. The Governor's FY27 budget request is well within both limits.

## Expenditures Subject to the Limits

Article IX, Section 16 and AS 37.05.540(b) both set out exclusions from the limit that are both *sources of money* and *uses of money*. Excluded sources are:

- Proceeds of revenue bonds
- Money held in trust for a specific purpose (this includes all federal funding and most “Other” funds)
- Corporate revenues

Excluded purposes are:

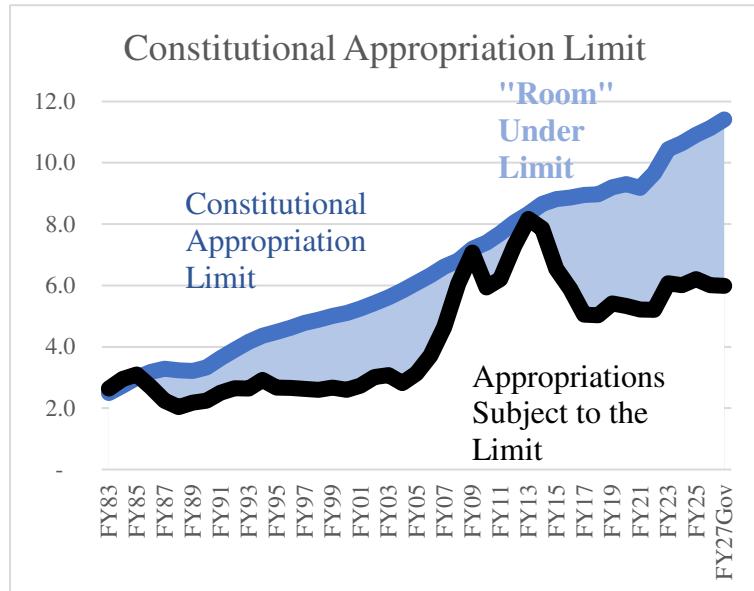
- Permanent Fund Dividends
- Debt service on General Obligation Bonds
- Appropriations transferring money between State funds
- Appropriations to meet a declared state of disaster

## Calculating the Constitutional Limit

The constitutional appropriation limit is equal to \$2.5 billion times the cumulative change in population and inflation since July 1, 1981.

Based on the way the limit has been calculated by the executive branch in the Annual Comprehensive Financial Report (ACFR), we estimate that in FY26 the limit is \$10.9 billion and in FY27 the limit will be \$11.1 billion.<sup>3</sup>

This is based on actual changes in inflation and population through FY25, a 2.5% inflation assumption, and no population growth. The enacted FY26 budget subject to the limit was \$6.0 billion, \$5.1 billion below the estimated



<sup>3</sup> This ACFR calculates the adjustment for inflation and population by multiplying the two factors together; an alternative approach would be to add the changes together (the Anchorage tax cap is worded identically to the State limit but is calculated in this way, for example). Under this alternative calculation, the limit would be \$8.5 billion in FY26 and \$8.6 billion in FY27.

appropriation limit. The Governor's proposed FY27 budget subject to the limit is \$6.0 billion, \$5.4 billion below the estimated appropriation limit.

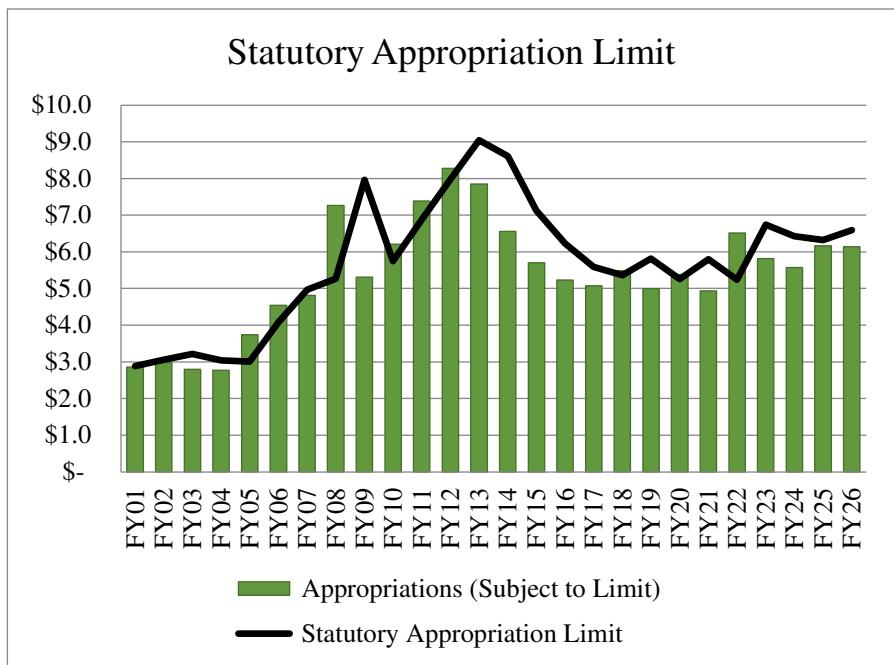
## Calculating the Statutory Limit

While the constitutional limit applies to expenditures *for* a fiscal year, the statutory limit applies to appropriations *made in* a fiscal year, regardless of what year they were effective (essentially, it compares appropriations from one session to the next).

Appropriations in a fiscal year may not exceed the appropriations made in a previous fiscal year by more than 5% plus the change in inflation and population.

Appropriations made in FY25 subject to the limit were \$6.2 billion. Based on the same inflation and population assumptions used for the constitutional limit, that would allow for appropriations of \$6.6 billion in FY26.

The Governor's proposed appropriations subject to the limit (as of the December budget release) total approximately \$6.1 billion. This means that the currently-proposed appropriations are approximately \$450 million under the statutory appropriation limit.



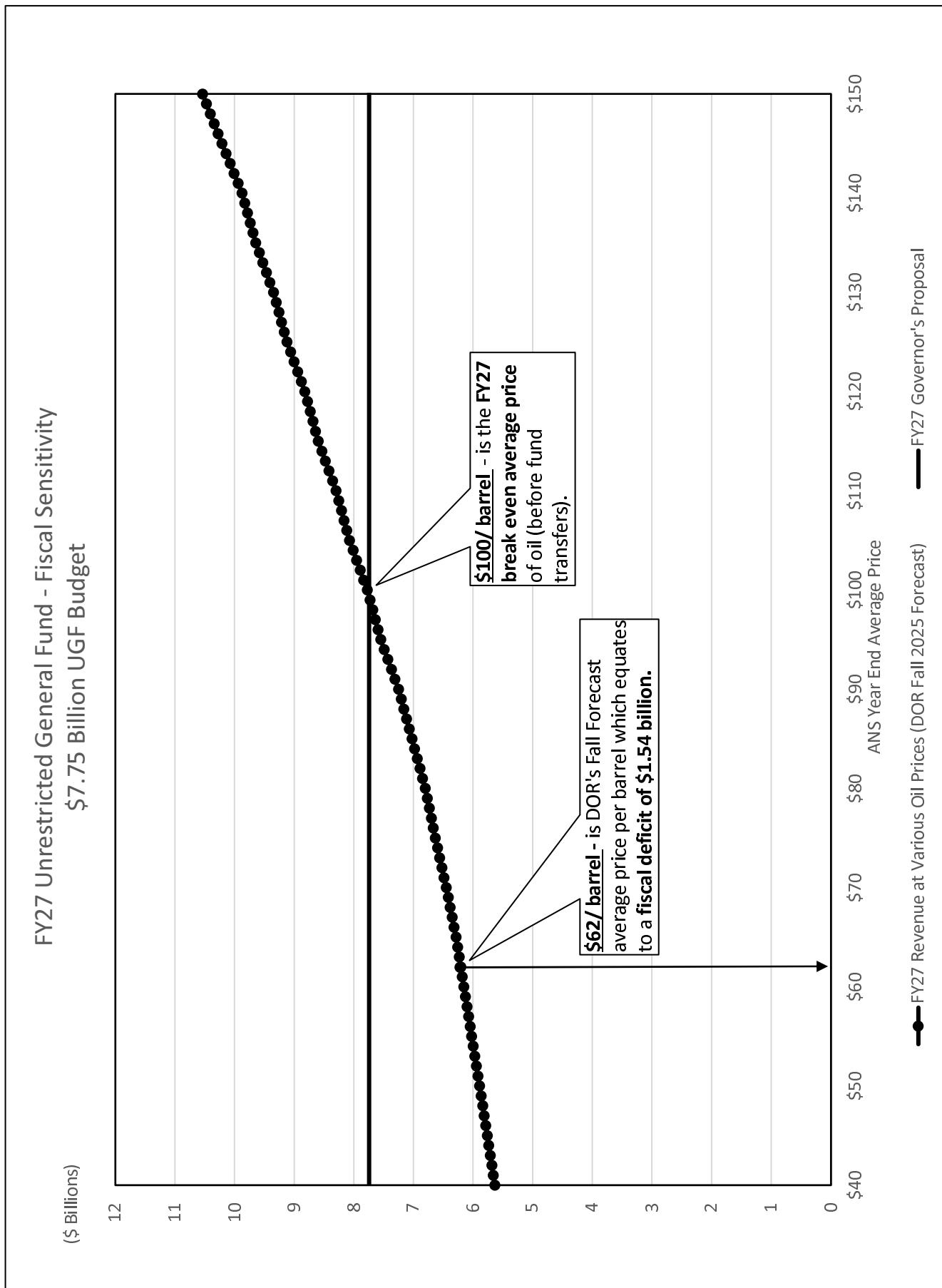
## Revenue Requirements of the State

AS 24.20.231(2) provides that the Legislative Finance Division will analyze the revenue requirements of the State. As the prior sections indicate, Alaska still faces a structural budget deficit, and increasing revenue is one option to close that deficit.

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.

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. The following are rough revenue estimates, and actual revenues may differ significantly based on macroeconomic conditions and the specifics of policy implementation.

Estimated Impact of Assorted Revenue Options	Estimated Revenue, First Full Year (\$ millions)	Source of Estimate
<b>New Revenue Options</b>		
Income Tax: 3% of Adjusted Gross Income (AGI) with No Exemptions	\$1,011.0	LFD Estimate. Represents maximum of likely range.
Income Tax: 10% of Federal Income Tax Liability	\$456.0	LFD Estimate.
Sales Tax: 4% Exempting Groceries, Prescriptions, Medical Equipment, and some Business-to-Business	\$619.0	March 2023 DOR Estimate
Sales Tax: 4% with Minimal Exemptions	\$1,830.0	March 2023 DOR Estimate. Represents maximum of likely range.
Property Tax: 0.1% of All In-State Property	\$117.5	May 2020 DOR Estimate
Payroll Tax: \$30 per worker	\$13.5	May 2020 DOR Estimate
<b>Modify Existing Taxes</b>		
Oil and Gas Production Tax: Cap Per-Taxable-Barrel Credit at \$5	\$0 - \$450.0	April 2022 DOR Estimate; Revenue varies depending on oil price.
Corporate Income Tax: Tax All Oil and Gas Companies at same rate as C-Corporations	\$143.0	February 2024 DOR Estimate
Motor Fuel Tax: Double Highway Rate to \$0.16 per Gallon	\$35.3	LFD Estimate



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## **Operating Budget Language**

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## **Language Sections of the Governor's FY27 Operating Budget**

### **Deleted Sections: FY25 Supplemental Appropriations (HB 53 Sections 11-20)**

**Legislative Fiscal Analyst Comment:** The Governor typically submits separate bills requesting supplemental and capital appropriations. During the 2025 legislative session, all operating budget supplemental appropriations were rolled into the operating bill.

The Governor's operating bill includes some FY26 supplemental requests (**Sections 20(b), 25(d), 26(c) and (d), and 32**). Supplemental requests are typically submitted as a group by the 15<sup>th</sup> day of each session, as outlined in AS 37.07.070 and AS 37.07.100.

**Sec. 4. ALASKA AEROSPACE CORPORATION. Federal receipts and other corporate receipts of the Alaska Aerospace Corporation received during the fiscal year ending June 30, 2027, that exceed 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, 2027.**

**Section 4** is intended to maximize the Alaska Aerospace Corporation's (AAC) ability to attract launch activity by eliminating all questions regarding their ability to accept and spend receipts in a timely manner.

**Funding:** In FY27, the estimated impact of this section is zero, but this language was used in both FY24 and FY25.

**Legislative Fiscal Analyst Comment:** Consider increasing federal and corporate receipt authority in the numbers section to ensure budgeted amounts reflect expectations.

**Sec. 5. ALASKA COURT SYSTEM. The amount necessary, estimated to be \$0, not to exceed \$75,000, is appropriated from the general fund to the Judiciary, Commission on Judicial Conduct, for special counsel costs for the fiscal year ending June 30, 2027.**

**Section 5** appropriates up to \$75,000 to the Commission on Judicial Conduct for special counsel costs. This language was first added by the legislature in the FY24 budget, replacing a numbers section appropriation of \$27,000.

**Funding:** The estimated impact of this section is zero because special counsel costs are seldom incurred.

**Legislative Fiscal Analyst Recommendation:** This language was utilized in FY24 and FY26 but not in FY25. If its usage becomes routine, an estimate should be added for transparency.

**Sec. 6. ALASKA HOUSING FINANCE CORPORATION. (a) The board of directors of the Alaska Housing Finance Corporation anticipates that \$54,275,000 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, 2027.**

**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).

**Legislative Fiscal Analyst Comment:** The statutory dividend is the lesser of \$103.0 million or 75% of the Alaska Housing Finance Corporation's (AHFC's) change in net assets in the most recently completed fiscal year [AS 18.56.089(c)]. The FY27 dividend is based on FY25 performance.

**(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, 2027, in the estimated amount of \$2,500,000 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 \$2.5 million of the FY27 dividend to pay debt service on two capital projects for which AHFC issued debt on behalf of the State, as authorized by past legislatures.

**Legislative Fiscal Analyst Comment:** This item was added to Legislative Finance Division reports beginning in FY25 to more accurately track available funds.

**(c) After deductions for the item 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, 2027, is appropriated to the general fund.**

**Subsection (c)** appropriates any unappropriated portion of the AHFC dividend to the general fund. After subtracting the debt service listed in subsection (b), the net dividend is \$51,770. The Governor's request appropriates only a portion of this in the capital budget, so the remaining amount would lapse to the general fund.

**Legislative Fiscal Analyst Comment:** The entire dividend 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 net income.

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, 2027, 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 FY27 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:** This item is included in Legislative Finance Division reports without assigning a value to the transfer, as the amount is unknown.

**(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, 2027, 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, 2027, for housing loan programs and projects subsidized by the corporation.**

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

**Funding:** While these appropriations have assigned dollar amounts, they are counted as zero value transactions in Legislative Finance Division reports since they represent internal corporate transfers.

**Legislative Fiscal Analyst Comment:** While AHFC has statutory authority to issue bonds and transfer arbitrage earnings to its loan programs, it also has the authority to transfer funds to these revolving funds beyond what is appropriated in **subsection (d)**, so these appropriations are required to ensure that no funds are spent without an appropriation. The dollar figures in these appropriations essentially set lending limits for AHFC. These figures have not been changed since FY05.

### **Deleted Subsection**

**(g) The sum of \$20,000,000 is appropriated from federal receipts to the Alaska Housing Finance Corporation, Alaska Sustainable Energy Corporation, to support green bank for the fiscal years ending June 30, 2026, June 30, 2027, and June 30, 2028.**

This **deleted section** provided FY26-FY28 Multiyear Federal Receipt authority to allow AHFC to apply for federal grants authorized under the 2022 Inflation Reduction Act for energy-efficiency upgrades and other projects aimed at reducing greenhouse gases.

**Legislative Fiscal Analyst Comment:** This operating item is replaced by a request in the Governor's capital budget for \$30.0 million of Federal Receipts and \$5.0 million of Statutory Designated Program Receipts.

**Sec. 7. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY.** The sum of \$17,000,000 has been declared available by the Alaska Industrial Development and Export Authority board of directors under AS 44.88.088 for appropriation as the dividend for the fiscal year ending June 30, 2027. After deductions for appropriations for capital purposes are made, any remaining balance of the amount set out in this subsection 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 7** informs the legislature that the anticipated annual Alaska Industrial Development and Export Authority (AIDEA) corporate dividend to the State will be \$17.0 million and appropriates it to the general fund. By statute (AS 44.88.088), the dividend made available should not be less than 25% and not more than 50% of the base year statutory net income.

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 25% of net income (\$67.4 million).

### **Deleted Subsection**

*(b) All unrestricted loan interest payments, loan commitment fees, and other unrestricted receipts received by or accrued to the Alaska Industrial Development and Export Authority during the fiscal year ending June 30, 2026, and all income earned on assets of the authority during that period are appropriated to the Alaska Industrial Development and Export Authority to hold as corporate receipts for the purposes described in AS 44.88. The authority shall allocate its corporate receipts between 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) under procedures adopted by the board of directors.*

This **deleted section** appropriated AIDEA's receipts back to AIDEA to distribute between its funds at the discretion of the Board of Directors. The language mimics similar language for AHFC in **Section 6(d)**.

**Legislative Fiscal Analyst Comment:** This language was added by the legislature in the FY26 budget but is not retained by the Governor. While statute allows AIDEA to transfer money between their funds, doing so without an appropriation may be a violation of the dedicated funds clause of the Alaska Constitution. This language does not inhibit AIDEA's ability to allocate its funds, it simply ensures that their transfers would survive legal challenge.

**Sec. 9. ALASKA PERMANENT FUND.** (a) The amount required to be deposited under art. IX, sec. 15, Constitution of the State of Alaska, estimated to be \$323,012,154, during the fiscal year ending June 30, 2027, 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% 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 \$108,646,000, during the fiscal year ending June 30, 2027, 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% 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 a Designated General Fund revenue. Both revenue and expenditures are included in reports prepared by the Legislative Finance Division.

**(c) The sum of \$3,996,865,095, 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 by the Alaska Permanent Fund Corporation on June 30, 2027, estimated to be \$2,365,900,000, 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, 2027; and**

**(2) the remaining balance, estimated to be \$1,630,965,095, to the general fund for the fiscal year ending June 30, 2027.**

**Subsection (c)** appropriates funds from the Earnings Reserve Account (ERA) to the Dividend Fund and general fund. The statutory 5% of market value (POMV) payout is \$4.0 billion in FY27. The Governor splits the draw, with the statutory amount going to the Dividend Fund in **Subsection (1)**, as calculated on the last day of FY26 to pay dividends in October of FY27. The remainder of the POMV draw is appropriated to the general fund in **Subsection (2)**.

**Funding:** The projected \$2.4 billion dividend transfer includes funding for administrative and associated costs. Administrative and associated costs for FY27 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.

The PFD estimate in the Governor's language does not match the Alaska Permanent Fund Corporation's November 2025 History and Projections report, the most recent available. That report estimates that the FY27 statutory PFD will be \$2,378.8 million, an increase of \$12.9 million above the Governor's figure.

**(d) The income earned during the fiscal year ending June 30, 2027, on revenue from the sources set out in AS 37.13.145(d), estimated to be \$26,312,800, is appropriated to the Alaska capital income fund (AS 37.05.565).**

**Subsection (d)** appropriates FY27 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 appropriation made in (c) of this section, estimated to be \$1,491,000,000, 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.**

**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 FY27 is based on the Permanent Fund's long-term inflation assumption of 2.5%. The statutory calculation in AS 37.13.145(c) is based on inflation in calendar year 2026.

The FY26 budget did not include an inflation proofing transfer. Instead, the legislature added intent language that indicated that FY20's \$4.0 billion transfer should be counted as forward inflation proofing.

**Deleted Subsection**

*The proportional share of investment management costs paid by investments of funds managed by the Alaska Permanent Fund Corporation is estimated to be \$671,018,000.*

This **deleted section** was not an appropriation; it was an informational item stating the estimated amount of investment fees paid by investments (as a deduction to investment revenue) rather than appropriated to the Alaska Permanent Fund Corporation.

*The amount appropriated from gross receipts of the Alaska permanent fund in sec. 1 of this Act includes an estimated amount of \$2,547,600 attributed to the mental health trust fund (AS 37.14.031) and an estimated amount of \$2,439,600 attributed to the power cost equalization endowment fund (AS 42.45.070(a)) for the proportional share of investment management costs of the mental health trust fund (AS 37.14.031) and the power cost equalization endowment fund (AS 42.45.070(a)).*

This **deleted section** is not an appropriation; it was an informational item providing the estimated portion of investment management costs attributable to the PCE Fund and Mental Health Trust Fund.

**Sec. 9. ALASKA TECHNICAL AND VOCATIONAL EDUCATION PROGRAM ACCOUNT.**

**(a) Four percent of the revenue deposited into the Alaska technical and vocational education program account (AS 23.15.830) in the fiscal year ending June 30, 2027, estimated to be \$1,073,500, is appropriated from the Alaska technical and vocational education program account (AS 23.15.830) to the Department of Education and Early Development for operating expenses of the Galena Interior Learning Academy for the fiscal year ending June 30, 2027.**

**(b) Sixty-six percent of the revenue deposited into the Alaska technical and vocational education program account (AS 23.15.830) in the fiscal year ending June 30, 2027, estimated to be \$17,713,100, is appropriated from the Alaska technical and vocational education program account (AS 23.15.830) to the Department of Labor and Workforce Development for operating expenses of the following institutions, in the following percentages, for the fiscal year ending June 30, 2027:**

INSTITUTION	PERCENTAGE	ESTIMATED AMOUNT
Alaska Technical Center	9 percent	\$2,415,400
Alaska Vocational Technical Center	17 percent	4,562,500
Fairbanks Pipeline Training Center	7 percent	1,878,700
Ilisagvik College	6 percent	1,610,300
Northwestern Alaska Career and Technical Center	4 percent	1,073,500
Partners for Progress in Delta, Inc.	3 percent	805,100
Prince of Wales Community Learning Center	5 percent	1,341,900
Sealaska Heritage Institute, Inc.	2 percent	536,800
Southwest Alaska Vocational and Education Center	4 percent	1,073,500
Yuut Elitnaurviaq, Inc. People's Learning Center	9 percent	2,415,400

**(c) Thirty percent of the revenue deposited into the Alaska technical and vocational education program account (AS 23.15.830) in the fiscal year ending June 30, 2027, estimated to be \$8,051,500, is appropriated from the Alaska technical and vocational education program account**

**(AS 23.15.830) to the University of Alaska for operating expenses of the following institutions, in the following percentages, for the fiscal year ending June 30, 2027:**

INSTITUTION	PERCENTAGE	ESTIMATED AMOUNT
University of Alaska System	25 percent	\$6,709,600
University of Alaska Southeast	5 percent	1,341,900

**Subsections (b) and (c)** appropriate estimated amounts from the Alaska Technical and Vocational Education Program Account to institutions based on statutory distribution percentages.

**Funding:** The actual distribution amounts will depend on revenue received in the year.

**Legislative Fiscal Analyst Comment:** The distribution for the Alaska Technical and Vocational Education Program (known as TVEP) was made through similar language in FY24, but when the program was reauthorized under HB 148 (Ch. 4, SLA 2024) at the end of the 2025 session, it was moved to the numbers section in order to accommodate a change to the percent of employee wages diverted to the program (from 0.16% to 0.25%). The FY26 budget returned the distribution of funding to the language section, which simplifies the process of updating estimates on transactions to reflect adjustments to the distribution amounts based on the most recent revenue projections available.

A 2023 Legislative Audit review of the program noted that lapsing amounts from TVEP had been swept into the CBR, effectively resulting in the use of payroll taxes to pay down the CBR balance. While the use of “estimated to be” language should ensure that all funds are granted out, lapsing grant amounts will still go back into the CBR with this language. AS 23.15.830 states that “the legislature may appropriate the lapsing balance of the account to the unemployment compensation fund established in AS 23.20.130.”

**Legislative Fiscal Analyst Recommendation:** This appropriation is for 100% of available TVEP revenue, but Section 1 of the Governor’s budget includes \$939.0 from this fund source for administrative costs (\$208.4 of that amount is likely in error). The language should be adjusted to account for administrative costs in Section 1 before applying the percentages to avoid over-appropriating available revenue.

Appropriate lapsing balances, if any, to the unemployment compensation fund to comply with AS 23.15.830.

#### **Deleted Section**

***BONUSES FOR CERTAIN EMPLOYEES OF THE EXECUTIVE BRANCH.*** (a) *The money appropriated in this Act includes amounts to implement the payment of bonuses and other monetary terms of letters of agreement entered into between the state and collective bargaining units under AS 23.40.070 - 23.40.260 for the fiscal year ending June 30, 2026.*

*(b) The Office of the Governor, office of management and budget, shall*

*(1) not later than 30 days after the Department of Law enters into a letter of agreement described in (a) of this section, provide to the legislative finance division in electronic form*

*(A) a copy of the letter of agreement; and*

*(B) a copy of the cost estimate prepared for the letter of agreement;*

*(2) submit a report to the co-chairs of the finance committee of each house of the legislature and the legislative finance division not later than*

*(A) February 1, 2026, that summarizes all payments made under the letters of agreement described in (a) of this section during the first half of the fiscal year ending June 30, 2026; and*

*(B) September 30, 2026, that summarizes all payments made under the letters of agreement described in (a) of this section during the second half of the fiscal year ending June 30, 2026; and*

*(3) not later than 30 days after a letter of agreement described in (a) of this section terminates, notify the legislative finance division of the termination.*

The **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 (LOAs) between the executive branch and the unions. It also required the Office of Management and Budget to send copies of the agreements to the Legislative Finance Division and submit two annual reports summarizing payments for LOAs to the co-chairs of the finance committees.

**Legislative Fiscal Analyst Comment:** The Office of Management and Budget has provided LFD with copies of LOAs issued so far in FY26 as they are signed and provided a summary of as requested in FY25.

**Sec. 10. 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, 2027.

**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 budgetary 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, 2027.**

**Subsection (b)** re-emphasizes the Department of Administration's (DOA's) ability to spend from the Working Reserve Account 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 DOA, but it does not increase total appropriations.

**Legislative Fiscal Analyst Comment:** 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, 2027, 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. Beginning in the FY27 budget, this appropriation is reflected in budgetary reports using Fund Code 1278, Reappropriations.

**Legislative Fiscal Analyst Comment:** The unobligated balance of the Working Reserve exceeded \$5.0 million at the end of FY25 without the usage of lapsing funds.

**(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, 2027, to the group health and life benefits fund (AS 39.30.095).**

**Funding:** This provision has no budgetary impact; it allows money appropriated elsewhere to be transferred to the Group Health and Life Benefits Fund, but it does not increase total appropriations. Beginning in the FY27 budget, this appropriation is reflected in budgetary reports using Fund Code 1278, Reappropriations, with a \$10.0 million estimated amount.

**Legislative Fiscal Analyst Comment:** 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 outstanding claims liability to absorb claims volatility and provide stability in premiums.

Usage of this appropriation was \$9.5 million in FY22, \$1.5 million in FY23, and \$20.0 million in FY24. FY25 usage was \$23.1 million, but the need to meet the targeted balance was \$1.6 million higher than available lapsing funds. . This usage was driven in part by higher-than-expected costs, but also by policy choices: rates were selected that relied on these lapsing balances.

In FY26, the rate rose by 6.4%, but would have needed to go up by 10.2% to avoid use of lapsing funds (initially estimated to be \$10.0 million but now estimated to be \$15.9 million). In response, the legislature included intent language in the FY26 budget directing the Health Benefits Evaluation Committee to increase the AlaskaCare employer rate by the full actuarial amount necessary to avoid reliance on lapsed funding in the future.

The FY27 employer rate again rose by 6.4%, but the Department of Administration also increased employee medical premiums by 10.8% to 16.9%, depending on the plan. In its response to the intent language, DOA stated that this step will reduce reliance on lapsed funding in a “stair-stepped, conservative approach.” This action does not match the intent expressed by the legislature to increase the employer rate. In addition, it is not sufficient: DOA projects to need between \$18.5 and \$26.3 million in FY27 and projects that the need will increase annually through FY30.

While using this lapsing appropriation for unexpected costs helps manage volatility, relying on this appropriation rather than increasing premiums is inefficient because premiums are paid by a variety of fund sources and these lapsing funds would otherwise all go to the Constitutional Budget Reserve. It also reduces the apparent cost of State government by using this appropriation instead of increasing AlaskaCare rates, which show up as a cost in FY27. Finally, there may not be enough lapsing funds to meet this heavy usage, as occurred in FY25.

**Legislative Fiscal Analyst Recommendation:** Health insurance rates should pay the full actuarial cost and this appropriation's usage should be limited to unexpected needs.

Increase the estimated amount to \$26.3 million to match recent projections.

**(e) The amount necessary to have an unobligated balance of \$50,000,000 in the state insurance catastrophe reserve account (AS 37.05.289(a)), after the appropriations made in (c) and (d) of this section, 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, 2027, to the state insurance catastrophe reserve account (AS 37.05.289(a)).**

**Funding:** This provision has no budget impact; it allows money appropriated elsewhere to be transferred to the Catastrophe Reserve Account, but it does not increase total appropriations. Beginning in the FY27 budget, this appropriation is reflected in budgetary reports using Fund Code 1278, Reappropriations.

**Legislative Fiscal Analyst Comment:** This section appropriates lapsing general fund balances to the Catastrophe Reserve Account described in AS 37.05.28.

In FY25, no funds were needed from this waterfall appropriation to maintain the target \$50.0 million balance.

**(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, 2027.**

**Subsection (f)** appropriates general funds to pay for costs of retirement system benefit calculations that exceed the amount 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, 2027.**

**Subsection (g)** appropriates general funds in FY27 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.

**Legislative Fiscal Analyst Comment:** In FY24-FY26, the legislature limited this appropriation to bills in the finance committees, aligning the appropriation language with the Department of Administration's practice. The Governor reverts to the previous version.

**Sec. 11. 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, 2027, 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, 2027, 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, 2027.**

**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% of the income is allocated to public schools and 25% 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.

The precise impact of this section is unknown; DCCED estimated its impact to be \$800.0 in 2015, but the agency has not supplied a more recent estimate.

**(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, 2027.**

**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 agency estimates the actual funding amount will be between \$8.0 and \$10.0 million. **Section 1** appropriates \$9.2 million for this program.

**Legislative Fiscal Analyst Comment:** The Secure Rural Schools program needs to be reauthorized by Congress frequently; if it is not extended, payments revert to a formula that pays about \$600,000 per year. The program was reauthorized by Congress for FY27.

**(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, 2027.**

**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 to make the required payments.

**Legislative Fiscal Analyst Comment:** The PILT program is subject to federal appropriation and reauthorization for FY27; in recent years it has been authorized one year at a time.

**(d) The amount necessary for the purposes specified in AS 42.45.085(a), estimated to be \$44,279,032, not to exceed the amount described in AS 42.45.085(a), 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, 2027.**

**Subsection (d)** appropriates money from the Power Cost Equalization Endowment Fund to the Alaska Energy Authority (AEA) for the Power Cost Equalization (PCE) program.

**Funding:** Total PCE program cost is projected to be \$44.3 million in FY27. In FY25, actual usage was \$46.8 million.

**Legislative Fiscal Analyst Comment:** The Governor's FY27 budget moves \$355.0 of administrative costs from this appropriation to Section 1; there is \$233.9 for that purpose in the numbers section before the transfer.

The "not to exceed" language refers to a percent of market value calculation based on FY22-FY24 balances and caps the amount of the appropriation at \$48,092.2. While this is higher than the FY27 estimate, it exceeds the estimate included in the FY26 budget.

In AS 42.45.085(a), the POMV cap applies to both program and cost of managing the fund and requires that both costs be prorated if they exceed the POMV calculation. The language as written applies the cap only to program costs without first deducting administrative expenses, which could result in overspending the POMV calculation. In addition, since APFC's investment costs are not appropriated separately (they are appropriated using the same fund code as all other APFC investment management fees), there is no practical way to prorate the cost of managing the fund as the statute requires under the current budget structure.

**(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, 2027.**

**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 18(c)** applies to the Department of Natural Resources.

**(f) The sum of \$1,000,000 is appropriated from program receipts received by the Department of Commerce, Community, and Economic Development, division of insurance, under AS 21 to the Department of Commerce, Community, and Economic Development, division of insurance, for actuarial support for the fiscal years ending June 30, 2027, and June 30, 2028.**

**Subsection (f)** provides program receipt authority for DCED to contract out actuarial services that have been difficult to fill due to private sector competition. The Department had two Actuary positions, one for life and health (vacant since FY20) and another for property and casualty (vacant since FY22). One was deleted in the FY25 budget because of the recruiting difficulties but the Department continues to try to fill the other position. Sufficient revenue exists to cover this request.

**Legislative Fiscal Analyst Comment:** For the last several years the Division has had staggered Multiyear appropriations for actuarial support. The Department estimates that the annual need will be between \$500.0 and \$1.0 million, so the overlap provides coverage up to the maximum in both fiscal years and allows for the securing of contractors for two-year periods.

The vacant actuary position was deleted in the enacted FY26 budget but was added back in Management Plan as the Department continues to recruit for it.

**(g) Forty percent of the boat receipts collected under AS 05.25.096 during the fiscal year ending June 30, 2026, estimated to be \$181,531, not to exceed \$200,000, is appropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Marine Safety Education Association for marine safety education for the fiscal year ending June 30, 2027.**

See **Subsection 18(d)** for more information on this and a related item.

**(h) The amount of federal receipts received for the reinsurance program under AS 21.55 during the fiscal year ending June 30, 2027, 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, 2027, and June 30, 2028.**

**Subsection (h)** is an open-ended appropriation that allows FY27 Federal receipts to be expended at any time through FY28 on the Alaska Comprehensive Insurance Program.

**(i) The amount calculated under AS 37.14.620(a), estimated to be \$10,000, is appropriated from the Arctic Winter Games Team Alaska trust fund (AS 37.14.600) to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to Arctic Winter Games Team Alaska for Arctic Winter Games events for the fiscal year ending June 30, 2027.**

**Subsection (i)** appropriates the estimated percent of market value amount from the Arctic Winter Games Team Alaska Trust Fund to Arctic Winter Games Team Alaska.

**Legislative Fiscal Analyst Comment:** The Arctic Winter Games Team Alaska Trust Fund was established by Ch. 21, SLA 2001 with the enactment of AS 37.14.600. The original

appropriation to the fund cannot be located, but the balance has existed and been unspent since at least FY06. Per AS 37.14.620, the Commissioner of Revenue annually calculates the percentage of market value figure based on five percent of the average balance of the fund over the past three fiscal years. In FY26, the legislature appropriated an estimate of the percentage of market value calculation from the fund to the Arctic Winter Games Team Alaska.

**Legislative Fiscal Analyst Recommendation:** The calculation is a known number, \$9,491, and does not need to be an estimate. Either the estimate should be replaced with the actual amount, or it should be moved to the numbers section.

### **Deleted Subsection**

*The amount of the fees collected under AS 28.10.421(d)(21) during the fiscal year ending June 30, 2025, for the issuance of special request National Rifle Association license plates, estimated to be \$7,000, is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska SCTP, non profit corporation, for maintenance of scholastic clay target programs and other youth shooting programs, including travel budgets to compete in national collegiate competitions, for the fiscal year ending June 30, 2026.*

This **deleted section** appropriated general funds equal to the estimated proceeds of the NRA license plate to the Alaska SCTP nonprofit for youth shooting programs, which is the statutorily designated purpose for that fund source. The Governor's budget does not appropriate the NRA license plate proceeds to any other purpose, allowing them to lapse to the general fund.

**Sec. 12. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT.** (a) Fifty percent of the donations received under AS 43.23.230(b) for the fiscal year ending June 30, 2027, estimated to be \$467,050, 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, 2027.

**Subsection (a)** appropriates half of all donations made to the dividend raffle during FY27 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, that exceed the amount appropriated to the Department of Education and Early Development, 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, 2027.**

**Subsection (b)** provides open-ended Federal receipt authority for the Department of Education's Education Support and Administrative Services appropriation.

**Legislative Fiscal Analyst Comment:** Many federal education grants operate on overlapping 27-month grant cycles. Sub-grantees can expend grant awards across multiple state fiscal years. To accommodate the ability of grantees to expend from multiple concurrent grants, the Department requires authority to collect and expend Federal revenue awarded in prior years.

From FY21-FY23, this language was limited to the grants line, but starting in FY24, the language has been broadened to all line items.

**(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, 2027.**

**Subsection (c)** appropriates proceeds from the sale of land owned by the Department of Education and Early Development (DEED) 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:** A \$950.0 parcel sale for U.S. Coast Guard (USCG) Fast Cutter Response was completed in April 2025, and a \$90.0 USCG right-of-way parcel sale was completed in September 2025. DEED transferred the Penrod Hall parcel to DNR in 2023, and DNR is currently adjudicating SEARHC's purchase application.

**(d) The amount of the fees collected under AS 28.10.421(a)(3) during the fiscal year ending June 30, 2026, for the issuance of celebrating the arts license plates, less the cost of issuing the license plates, estimated to be \$80,000, 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 program for the fiscal year ending June 30, 2027.**

Ch. 18, SLA 2022 (SB 71) authorized the Alaska State Council on the Arts (ASCA) 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 FY26 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.

**Legislative Fiscal Analyst Comment:** AS 28.10.410(a)(3) states that fee revenue "that is in excess of the cost of issuing the vehicle registration plate celebrating the arts may be appropriated by the legislature to the arts and cultural investment fund established in AS 44.27.059." The usage of this fee for the cost of administering the contest does not appear to meet the intent of the statute. DEED estimates the cost for issuing license plates, including administering a license plate design competition every four years, is \$5.0. DEED states that the remainder of revenues are allocated to ASCA grants, services and commodities.

**Legislative Fiscal Analyst Recommendation:** Adjust the language to allow spending on broader purposes, in line with existing usage.

### **Deleted Subsections**

*The amount necessary, after the appropriation made in sec. 43(h) of this Act, to fund the total amount for the fiscal year ending June 30, 2026, of state aid calculated under the public school funding formula under AS 14.17.410(b) using a base student allocation (AS 14.17.470) amount of \$6,640, estimated to be \$172,176,800, 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, 2026.*

This **deleted section** provided additional K-12 foundation formula funding if no bill passed that amended the formula. With the enactment of Ch. 5, SLA 25 (HB 57) that increased the Base Student Allocation by \$700, this section did not take effect.

*The sum of \$6,781,200 is appropriated from the general fund to the Department of Education and Early Development for the fiscal year ending June 30, 2026, to be distributed as grants to school districts that are proportional to the amount each school district receives from the state to operate the student transportation system under AS 14.09.010.*

This **deleted section** provided additional K-12 pupil transportation funding if no bill passed that amended the formula. With the enactment of Ch. 5, SLA 25 (HB 57) that increased the formula amounts by 10%, this section did not take effect.

*The sum of \$554,000 is appropriated from the general fund to the Department of Education and Early Development, education support and administrative services, student and school achievement, for teacher incentive payments and reimbursements for national board certification, as authorized by AS 14.20.225, as follows:*

- (1) the amount necessary to make all reimbursement payments authorized by AS 14.20.225(b);*
- (2) the remaining balance to make national board certification incentive payments authorized by AS 14.20.225(a), to be distributed on a first-come, first-served basis.*

This **deleted section** provided a fixed amount to pay teacher incentive payments authorized by Ch. 36 SLA 24 (HB 230). This section was vetoed by the Governor.

**Sec. 13. DEPARTMENT OF FAMILY AND COMMUNITY SERVICES.** The amount of statutory designated program receipts received during the fiscal year ending June 30, 2027, from the provision of pharmaceuticals to residents of the Alaska Pioneer Homes, estimated to be \$3,000,000, is appropriated to the Department of Family and Community Services, Alaska Pioneer Homes, for operation of the pharmacy program for the fiscal year ending June 30, 2027.

**Legislative Fiscal Analyst Comment:** This section was added in the FY26 budget with a \$4.0 million estimate, replacing a numbers appropriation. The language could be replaced

with a higher amount of receipt authority in the numbers section to reduce unnecessary language in the bill.

**Sec. 14. DEPARTMENT OF FISH AND GAME.** **Statutory designated program receipts received for fisheries disasters during the fiscal year ending June 30, 2027, estimated to be \$0, are appropriated to the Department of Fish and Game for fisheries disaster relief for the fiscal years ending June 30, 2027, June 30, 2028, and June 30, 2029.**

The legislature initiated the use of Multiyear appropriations of Statutory Designated Program Receipt (SDPR) authority to allow the agency greater flexibility for accepting anticipated federal fisheries disaster relief. The estimated amount is zero, or unknown at this time. The agency requests a third overlapping Multiyear appropriation of SDPR to receive fisheries disaster relief funds from the federal National Oceanic and Atmospheric Administration. Fish and Game works with affected fishery participants and stakeholders to develop a federally approved distribution plan. These receipts are passed through to an external entity, the Pacific States Marine Fisheries Commission, that applies for and administers the grants based on the allocations in the spend plan. This process can take multiple years and so the language provides increased flexibility to receive and distribute the funding.

**Legislative Fiscal Analyst Comment:** The previous FY26-FY28 Multiyear appropriation is currently being used to accept receipts for the following projects using federal fisheries disaster funds:

1. Copper River Chinook and Sockeye Genetic Stock Identification - \$1.7 million
2. Copper River Sockeye Historic Genetic Stock Identification - \$1.8 million

**Sec. 15. DEPARTMENT OF HEALTH.** **Federal receipts received during the fiscal year ending June 30, 2027, for Medicaid services are appropriated to the Department of Health, Medicaid services, for Medicaid services for the fiscal year ending June 30, 2027.**

Section 15 provides open-ended Federal Receipt authority for the Medicaid program.

**Funding:** The Department of Health's FY27 Medicaid Services Projection Model estimates that the impact of this section is \$374,601.7 as of December 15, 2025. This estimate will be updated when the Governor's amended budget is released in February 2026.

**Legislative Fiscal Analyst Comment:** Similar language has been included each year since FY21, originally due to the COVID-19 pandemic. The language was maintained after the pandemic due to difficulty projecting the federal costs.

In FY25 and FY26, the Governor's amended budget increased the amount in the numbers section to align with the projection, adding \$293.7 and \$240.3 million, respectively. Despite adding these anticipated increases each year, the federal cost continues to grow beyond the original projection by hundreds of millions of dollars.

**Legislative Fiscal Analyst Recommendation:** The legislature should increase the appropriation of Federal Receipt authority in **Section 1** to the amount anticipated for FY27. Legislative Finance assigned the value of \$374.6 million to this language estimate, but it would be more transparent to reflect the authority in **Section 1**.

**Sec. 16. 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, 2027.**

**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 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, 2027.**

**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 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, 2027.**

**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 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, 2027, 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, 2027.

**Subsection (d)** provides open-ended authority to spend proceeds of the Education Tax Credit, thereby eliminating all questions regarding Alaska Vocational Technical Center's (AVTEC) ability to accept and spend those funds.

**Funding:** The estimated impact of this section is zero; the appropriation of Statutory Designated Program Receipts is more than sufficient for expected revenue.

### **New Subsection**

**(e) Revenue deposited into the employee assistance and training program account (AS 23.15.625) during the fiscal year ending June 30, 2027, estimated to be \$8,663,500, is appropriated to the Department of Labor and Workforce Development for operating expenses of the following state employment assistance and training programs, for the fiscal year ending June 30, 2027:**

GRANTEE PROGRAM	ESTIMATED AMOUNT
Alaska Workforce Investment Board State Training and Employment Program Grantee Program	\$6,930,800
Workforce Services Job Center STEP Program	1,732,700

**Subsection (e)** provides estimated appropriations from the State's Employment Assistance and Training Program (STEP) Account to the Department of Labor and Workforce Development. This funding historically has been in the numbers section.

**Funding:** 1/10th of 1% of wages subject to employee contributions for unemployment insurance under AS 23.20.290(d) is diverted from the Unemployment Compensation Fund to the STEP Account.

**Legislative Fiscal Analyst Comment:** This item is similar conceptually to the TVEP appropriation in **Section 9**; since the fund balance sweeps to the Constitutional Budget Reserve at the end of the year, a language estimated appropriation ensures that the agency is able to fully expend the amount received in the year since any extra cannot be carried forward. In 2023, the Division of Legislative Audit noted in an audit of TVEP that sweeping funds from that account "effectively resulted in the use of employee taxes to repay the general fund's CBRF liability." This statement would also hold true for STEP funds.

AS 23.15.625 states, in part, that "the legislature may appropriate the lapsing balance of the account to the Unemployment Compensation Fund established in AS 23.20.130."

**Legislative Fiscal Analyst Recommendation:** In addition to this appropriation, the Governor's budget includes \$2,490.2 of STEP funds in the numbers section. To ensure that the funds are distributed appropriately, the language should be adjusted to specify

that this appropriation in the language section comes after appropriations of this fund source in Section 1.

Appropriate lapsing balances, if any, to the Unemployment Compensation Fund, consistent with AS 23.15.625.

**Sec. 17. 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, 2024, June 30, 2025, and June 30, 2026, estimated to be \$8,676, 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, 2027.

**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, 2027, for the issuance of special request license plates commemorating Alaska veterans, less the cost of issuing the license plates, estimated to be \$7,300, is appropriated from the general fund to the Department of Military and Veterans' Affairs for the maintenance, repair, replacement, enhancement, development, and construction of veterans' memorials for the fiscal year ending June 30, 2027.

**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.

**Sec. 18. DEPARTMENT OF NATURAL RESOURCES.** **(a)** The interest earned during the fiscal year ending June 30, 2027, 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, 2027.

**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 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, 2027, 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, 2027.**

**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 Mining, Land & Water 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, 2027.**

**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 11(e)** applies to the Alaska Oil and Gas Conservation Commission in the Department of Commerce, Community, and Economic Development.

**(d) Sixty percent of the boat receipts collected under AS 05.25.096 during the fiscal year ending June 30, 2026, estimated to be \$272,298, not to exceed \$300,000, is appropriated to the Department of Natural Resources, division of parks and outdoor recreation, for the boating safety program for the fiscal year ending June 30, 2027.**

**Subsection (d)** appropriates up to \$300,000 to DNR for the Boating Safety Program.

**Legislative Fiscal Analyst Comment:** This section and **Section 11(g)** are both related to appropriations of Boat Receipts that were previously in the numbers section. In FY24, Boat Receipts, fund code 1216, were split in the numbers section: \$306.3 was appropriated to DNR's Parks Division for boating safety and \$197.0 was appropriated to the Department of Commerce as a grant to the Alaska Marine Safety Education Association (AMSEA). In FY25, the Governor removed this funding from the numbers section and replaced it with UGF language appropriations which equate to the actual Boat Receipts collected in FY23, split in proportion with the FY23 appropriations for those purposes.

The FY26 budget switched to an estimated amount based on actual FY25 collections, again preserving the FY23 split between purposes but rounding the percentages to 60/40. The fund source was changed to Boat Receipts. The Governor's FY27 budget retains the FY26 split with updated amounts.

The FY23 split between the two purposes was arbitrary; the same level of funding has been provided to AMSEA since FY13 and DNR since FY15, but the split is not based on a statute and was instead a product of separate budget actions over time. The grant to AMSEA is not a statutorily designated use of the funds; AS 05.25.096 designates only that they be used by DNR to administer the program, and by DOA for the cost of administering the fees.

### **New Subsection**

**Sec. 19. DEPARTMENT OF REVENUE.** The amount necessary to pay externally managed investment profit sharing fees, estimated to be \$13,600,000, is appropriated to the Department of Revenue from the retirement funds managed by the Alaska Retirement Management Board for the fiscal year ending June 30, 2027.

**Section 1** includes \$35.0 million for Alaska Retirement Management (ARM) Board trustee fees. **Section 19** appropriates an additional amount for externally managed investments.

**Funding:** The \$13.6 million is estimated to consist of money from the Group Health and Life Benefits Fund and the four retirement funds (for Public Employees, Teachers, National Guard and Naval Militia, and Judicial employees).

**Legislative Fiscal Analyst Comment:** According to the Department of Revenue, this language is requested due to new profit-sharing agreements with public equities investment managers. It is unclear why an estimated amount is needed for these agreements when other fees are paid through the numbers section.

**Sec. 20. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.**

### **New Subsection**

**(a) The sum of \$171,463,000 is appropriated to the Department of Transportation and Public Facilities, Alaska marine highway system, for costs associated with operating the marine highway system for the fiscal years ending June 30, 2027, and June 30, 2028, from the following sources:**

- (1) \$83,299,600 from federal receipts;
- (2) \$66,366,900 from unrestricted general funds;
- (3) \$1,042,200 from capital improvement project receipts;
- (4) \$20,754,300 from the Alaska marine highway system fund (AS 19.65.060(a)).

- (b) Section 5, ch. 10, SLA 2025, page 68, lines 1 - 4, is amended to read:

**Sec. 5. The following appropriation items are for operating expenditures from the general fund or other funds as set out in sec. 6 of this Act to the agencies named for the purposes expressed [FOR THE CALENDAR YEAR] beginning January 1, 2026, and ending June 30, 2027 [DECEMBER 31, 2026], unless otherwise indicated.**

**Subsection (a)** moves Alaska Marine Highway System (AMHS) to the language section and changes it from a calendar year appropriation to a Multiyear appropriation to span two fiscal years.

**Subsection (b)** changes the existing calendar year 2026 appropriation into a Multiyear appropriation to span two fiscal years.

**Legislative Fiscal Analyst Comment:** The shift to Multiyear appropriation structure allows the Department to move any surplus in the current year forward to support system operations in the following year. It also eliminates the additional accounting burden of having to do fiscal year and calendar year closeouts. It also allows the Department to use future year funding to fill budget holes in the current year. This may lead to unanticipated supplementals and reduces the legislature's oversight of the system's annual budget. Additional reporting and projections could provide more budget transparency and keep the legislature better informed of operational cost trends.

**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, 2027.**

**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 due to the full faith and credit pledge of the State. 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, 2027, estimated to be \$2,093,900, 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, 2027, estimated to be \$2,186,200, 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 as 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 revenue bond anticipation notes (secured by the pledge of assets of the Clean Water and Drinking Water loan funds) and uses the proceeds to meet federal matching requirements. The bonds are then paid off with "restricted" investment earnings. Effectively, earnings are used to match federal receipts.

**(d) The sum of \$2,587,792 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2027, 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	\$1,222,365
Anchorage Community and Technical College Center	
Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Aleutians East Borough/False Pass small boat harbor	218,946
(B) Aleutians East Borough/Akutan small boat harbor	91,828
(C) Fairbanks North Star Borough Eielson AFB Schools, major maintenance and upgrades	347,310
(D) City of Unalaska Little South America (LSA) Harbor	367,389

<b>(3) Alaska Energy Authority</b> <b>Copper Valley Electric Association</b> <b>cogeneration projects</b>	<b>339,954</b>
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**Subsection (d)** appropriates \$2.6 million to the University, the Department of Transportation, and the Alaska Energy Authority for reimbursement of debt service on projects authorized in Ch. 115, SLA 2002 (HB 528).

**Legislative Fiscal Analyst Comment:** One of the projects previously funded by this section, the Valdez Harbor Renovations, was paid off in FY26 and has been removed from this section. That amount was \$189.6 in FY26.

**(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, 2027, estimated to be \$2,889,150, is appropriated from the general fund to the state bond committee for that purpose for the fiscal year ending June 30, 2027.**

**Subsection (e)** appropriates an estimated \$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 Linny Pacillo Parking Garage in Anchorage to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2027.**

**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, 2027:**

**Subsection (g)** in total appropriates \$60.8 million UGF and \$2.3 million of Federal Receipt authority for debt service on general obligation bonds. For FY26, \$65.5 million of State funding and \$2.7 million of Federal Receipt authority was budgeted.

**(1) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010B, estimated to be \$1,889,033 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;**

**(2) 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 (1) of this subsection, estimated to be \$15,121,717, from the general fund for that purpose;**

**Subsections 1 and 2** appropriate approximately \$17 million for Series 2010B bonds. In the 2010 general election, voters authorized \$397 million in General Obligation (GO) bonds to fund educational facilities. Bonds were issued in phases rather than all at once to comply with IRS spending requirements on tax exempt bonds, and to avoid financial risks associated with issuing debt before project funds were needed.

To take advantage of federal stimulus programs, the State issued the authorized GO bonds in multiple series in 2010 and 2013. The 2010 Series A were issued as Build America Bonds, originally receiving a 35% federal interest subsidy. The 2010 Series B and 2013 Series A were issued as Qualified School Construction Bonds (QSCBs), with federal subsidies covering nearly all interest costs. The 2010 Series C and 2013 Series B were issued as standard tax-exempt bonds. As of June 30, 2025, the 2010B and 2013A QSCBs are still receiving federal subsidies.

The 2010B QSCBs were issued in December 2010 with \$45 million in principal and were structured with deferred principal payments because the federal subsidy applies only to interest. As the bonds enter their principal repayment period, annual payments increase significantly—from \$144.1 in Unrestricted General Funds (UGF) in FY26 to \$15,121.7 in FY27—reflecting the first \$15 million principal maturity due on August 1, 2026, followed by equal maturities in 2027 and 2028 (FY27-FY29).

Federal sequestration, implemented after issuance, reduced subsidy reimbursement rates. The reduction is currently estimated at 5.7% for federal fiscal years 2021 through 2030, lowering the effective subsidy to 94.3% for the QSCBs.

**(3) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2013A, estimated to be \$434,571, 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;**

**(4) 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 (3) of this subsection, estimated to be \$26,268, from the general fund for that purpose;**

**(5) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2020A, estimated to be \$6,905,125, from the general fund for that purpose;**

**Legislative Fiscal Analyst Comment:** The remaining balance of \$110.4 million of funding for the 2012 Transportation General Obligation Bond Act was funded on August 5, 2020, through the 2020A bond issuance.

**(6) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2024A, estimated to be \$8,063,375, from the general fund for that purpose;**

**Subsection 6** appropriates an estimated \$5.5 million for Series 2024A bonds that were issued on June 4, 2024, to refund the outstanding Series 2010A bonds (Taxable Build America Bonds). The State issued \$110.1 million of General Obligation Refunding Bonds (at a True Interest Cost (TIC) of 3.03%) to refund \$119.6 million of outstanding GO bonds. The issuance of the refunding bonds achieved total debt service savings of approximately \$4.5 million and a net present value savings of approximately \$4.0 million.

**(7) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2024B, estimated to be \$11,332,750, 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 2025A, estimated to be \$19,317,000, from the general fund for that purpose;**

**Subsection 7 and 8** address debt service for Series 2024B and 2025A bonds that were issued at interest rates of 2.8% and 3.2%, respectively, to refinance \$203.9 million of outstanding Series 2015B, 2016A, and 2016B GO bonds. This refinancing reduced total debt service over the next twelve fiscal years by approximately \$19.5 million, producing an economic gain of about \$16.5 million based on the present value of savings.

Some payments still occurred in FY26 because the refinancing applied to maturities occurring on and after August 1, 2026. As a result, August 1, 2025, payments on the original bonds were still required in FY26 but do not continue thereafter. For context, if no refinancing had occurred, debt service on the 2015B, 2016A, and 2016B bonds would have been \$32.4 million in FY27; following the refinancing into the 2024B and 2025A bonds, FY27 payments are reduced to \$30.7 million.

**(9) the amount necessary for payment of trustee fees on outstanding State of Alaska general obligation bonds, series 2010B, 2013A, 2020A, 2024A, 2024B, and 2025A, estimated to be \$7,500, from the general fund for that purpose;**

**Subsection 9** appropriates general funds to pay trustee fees on all outstanding GO bonds. This section has been amended from previous years to include the new issuances of 2024A, 2024B and 2025A.

**(10) 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 10** 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 of the outstanding 2020A bonds, or any other

project funds funded with bond proceeds that remain outstanding. The payment of these funds is offset by prior year investment earnings. This provision also applies to any tax penalties that may be assessed on all issued State of Alaska GO bonds.

**(11) 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 11** is intended to prevent construction delays by permitting short-term borrowing from the general fund.

**(12) 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 12** 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, 2027:**

**(1) the amount necessary for debt service on outstanding international airports revenue bonds, estimated to be \$2,500,000, from the collection of passenger facility charges approved by the Federal Aviation Administration at the Alaska International Airport 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 \$22,869,800, from the International Airports Revenue Fund (AS 37.15.430(a)) for that purpose;**

**(3) 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)).**

**Subsection (h)** appropriates funding for payment of debt service and fees on outstanding international airport revenue bonds. **Subsection 3** allows for early redemption of bonds if deemed financially beneficial.

**Legislative Fiscal Analyst Comment:** The Alaska International Airport System (AIAS), in coordination with the State Bond Committee, has restructured its revenue bond debt to reduce overall debt service costs. As a result, annual debt service is projected to decline from approximately \$49.5 million to about \$22.9 million in FY27. Debt refinancings and bond defeasements were completed in 2016, 2021, and 2025.

The largest savings were achieved through the 2021 refinancing, which defeased outstanding debt and accelerated a portion of the savings into the early years of the repayment schedule. This approach provided increased near-term relief in fiscal years 2022 and 2023, when the transaction occurred during the pandemic. Following the 2021 issuance, annual debt service rose from approximately \$18 million in FY23 to about \$27 million by FY36.

The 2025 restructuring did not extend the remaining repayment period and further reduced and smoothed annual debt service, resulting in relatively level payments of approximately \$22.6 million to \$22.9 million each year through FY36.

### New Subsection

**(4) the amount necessary for the purpose of authorizing payment for arbitrage rebate on International Airports revenue bonds, estimated to be \$1,500,000, from investment earnings on the bond proceeds deposited in construction funds and the reserve funds of the International Airports for that purpose; and**

**Subsection 4** appropriates \$1.5 million for an arbitrage rebate. Investment earnings in the AIAS reserve fund attributable to the 2021 bonds have exceeded the allowable arbitrage yield. To maintain the bonds' tax-advantaged status, earnings above the permitted yield must be rebated to the U.S. Treasury. Based on analysis from the arbitrage consultant, the required rebate is currently estimated at approximately \$1.5 million, due on the next rebate anniversary in FY27 (five years after the original issuance of the 2021 bonds, plus 60 days, or by October 25, 2026).

While reserve fund investment earnings are expected to be the primary source for this payment, there is a small possibility that those earnings may be insufficient to both fully cover the rebate and maintain the required reserve balance at the time of payment. If necessary, a limited supplemental amount may be drawn from the AIAS revenue fund as a backup to satisfy the rebate obligation.

### New Subsection

**(5) if investment earnings on the bond proceeds deposited in construction funds and the reserve funds of the International Airports are insufficient for payment of arbitrage rebate on International Airports revenue bonds, the amount necessary to maintain sufficiency of the reserve fund requirement, after the payment made in (4) of this subsection, estimated to be \$100,000, from the International Airports Revenue Fund (AS 37.15.430(a)) for that purpose.**

**Subsection 5** provides a backstop if **Subsection 4** is insufficient. As described above, the arbitrage rebate payment is estimated at \$1.5 million and is due in October 2026. The payment is expected to be funded from investment earnings in the reserve fund. If those earnings are insufficient to both make the payment and maintain the required reserve balance, any remaining amount would be paid from the AIAS revenue fund.

**(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, 2027, contingent on repayment to the general fund, 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)** address any potential cash-flow issues related to federal international airport projects and allow 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 \$16,840,000, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2027.**

**Subsection (k)** appropriates \$16.8 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, which is expected to be in FY33.

**Legislative Fiscal Analyst Comment:** In common language, the contract with the Mat-Su Borough is a lease, but the 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.

This debt was refinanced in 2025 without altering the payment timetable. The refinancing saves \$6.7 million from FY26-FY33, or \$6.0 million on a net present value basis.

**(l) The amount necessary, estimated to be \$41,636,643, 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, 2027, from the following sources:**

**(1) \$9,500,000 from the School Fund (AS 43.50.140);**

**(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$32,136,643, from the general fund.**

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

**Funding:** Per the DOR Fall 2025 Revenue Sources Book, FY27 cigarette tax collections (School Fund) are projected to be \$9.6 million, down from \$11.1 million (actual) in FY25. As cigarette tax revenues decrease, the general fund portion of school debt reimbursement increases.

**Legislative Fiscal Analyst Comment:** The Governor has proposed to fully fund the program. The estimated amount does not account for any debt not yet approved by voters, so the final amount may rise.

**Legislative Fiscal Analyst Recommendation:** Adjust the UGF/School Fund split to match the Fall Revenue Sources Book by increasing the School Fund amount by \$0.1 million and decreasing the UGF estimate by the same amount.

### **Deleted Subsection**

*the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2015B, estimated to be \$9,793,875, from the general fund for that purpose;*

*the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2016A, estimated to be \$6,247,375, from the general fund for that purpose;*

*the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2016B, estimated to be \$6,226,875, from the general fund for that purpose;*

*the amount necessary for the purpose of authorizing payment for arbitrage rebate on State of Alaska general obligation bonds, series 2020A, estimated to be \$4,025,000, from investment earnings on the bond proceeds deposited in the capital project funds for the series 2020A general obligation bonds for that purpose;*

*the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2023A, estimated to be \$18,398,750, from the general fund for that purpose;*

As discussed under subsections (g)(7) and (8) above, these past issuances were refinanced with the 2024B and 2025A issuances.

**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, 2027, 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, 2027, do not include the balance of a state fund on June 30, 2026.**

**Section 24 (a)** provides appropriation of any of the listed receipts that are collected in FY27 beyond the amounts appropriated in the act. Although the appropriations are conditioned on review by the Legislative Budget and Audit (LB&A) Committee, the Governor can increase authorization for listed fund sources without the approval of LB&A, 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, 2027, 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, 2027, 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 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, 2026, 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 FY26 to be carried forward into FY27.

**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**

*Notwithstanding (a) of this section, an appropriation item for the fiscal year ending June 30, 2026, may not be increased under AS 37.07.080(h) based on the Alaska Gasline Development Corporation's receipt of additional*

- (1) federal receipts; or*
- (2) statutory designated program receipts.*

The **deleted section** restricted use of the Revised Program: Legislative (RPL) process in FY26 so that the Alaska Gasline Development Corporation's budget could not be increased through this process. The Governor did not retain this restriction in his FY27 budget request.

**Sec. 25. FUND CAPITALIZATION.** (a) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2027, estimated to be \$16,000, 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 FY26 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. In FY11 and FY12, the principal of the endowment was granted to the nonprofit Friends of the Children's Trust.

**(b) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2027, estimated to be \$9,000,000, is appropriated to the disaster relief fund (AS 26.23.300(a)).**

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

**(c) The sum of \$24,000,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300(a)).**

**Subsection (c)** appropriates general funds to the DRF effective in FY27. The Governor needs no specific appropriations to spend money deposited in the DRF; money can be spent upon the Governor's declaration of a disaster.

**(d) The sum of \$40,000,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300(a)).**

**Subsection (d)** appropriates general funds to the DRF effective in FY26.

**Legislative Fiscal Analyst Comment:** In FY26, the legislature appropriated \$23.3 UGF million to the DRF but the Governor vetoed \$10.3 million of that appropriation. As of December 19, 2025, the balance of the DRF would be negative \$36.1 million if pending disaster expenditures are included. The Governor borrowed \$10.0 million from existing capital appropriations to DEC to ensure sufficient cashflow in anticipation of the supplemental appropriation.

Due to ongoing costs from Typhoon Halong, usage of the DRF may continue to be elevated in FY27 and beyond.

**(e) Twenty-five percent of the donations received under AS 43.23.230(b), estimated to be \$233,525, is appropriated to the dividend raffle fund (AS 43.23.230(a)).**

**Subsection (e)** 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% of the Dividend Raffle Fund balance will be paid out to four prize recipients and the remaining balance will roll into the next year.

**(f) 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, 2026, estimated to be \$0, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).**

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

**(g) 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 (g)** 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.

**(h) The amount necessary, estimated to be \$1,271,451,445, when added to the balance of the public education fund (AS 14.17.300) on June 30, 2026, to fund the total amount for the fiscal year ending June 30, 2027, of state aid calculated under the public school funding formula under AS 14.17.410(b) is appropriated to the public education fund (AS 14.17.300) from the following sources:**

**(1) \$37,498,365 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 \$1,233,953,080, from the general fund.**

**(i) The amount necessary to fund transportation of students under AS 14.09.010 for the fiscal year ending June 30, 2027, estimated to be \$72,826,112, is appropriated from the general fund to the public education fund (AS 14.17.300).**

**Subsections (h) and (i)** capitalize the Public Education Fund with the amount necessary for the K-12 Foundation and Pupil Transportation formulas in FY27.

**Legislative Fiscal Analyst Comment:** The FY27 amounts in the Governor's budget are based on draft student counts and are estimates that will change when the student counts are finalized. The public school funding program is fully funded in FY27.

The estimated amount assumes that the State passes the federal disparity test and can therefore deduct \$70.8 million of federal impact aid from its share. The State failed the FY26 disparity test but as of this publication is appealing that decision. The FY27 test is based on data from FY25 and is due in March of 2026.

**(j) The sum of \$19,603,000 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 (j)** appropriates \$19.6 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 REAA 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. As the amount of school bond debt reimbursement has declined, this fund capitalization has gone down as well. The moratorium ran from January 1, 2015 until July 1, 2025.

In FY26, the Governor vetoed 25% of this item to match the proration of School Debt Reimbursement. While the statute links the REAA Fund capitalization to the School Debt Reimbursement amount with a one-year lag, in the past, when the School Debt Reimbursement payment has been prorated, the REAA fund capitalization has been reduced in the same year. The FY27 amount restores the full statutory calculation with no proration.

**(k) 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, 2027, estimated to be \$60,000, is appropriated from the general fund to the peace officer and firefighter survivors' fund (AS 39.60.010) for that purpose.**

**Subsection (k)** deposits general funds into the Peace Officer and Firefighter Survivors' Fund for FY26.

**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.

**(l)** 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, 2027, less the amount expended for administering the loan fund and other eligible activities, estimated to be \$26,461,500, is appropriated from federal receipts to the Alaska clean water fund (AS 46.03.032(a)).

**(m)** 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, 2027, estimated to be \$5,037,700, is appropriated to the Alaska clean water fund (AS 46.03.032(a)) from the following sources:

**(1)** the amount available for appropriation from Alaska clean water fund revenue bond receipts, estimated to be \$2,088,900;

**(2)** the amount necessary, after the appropriation made in (1) of this subsection, not to exceed \$2,948,800, from the general fund.

**(n)** 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, 2027, less the amount expended for administering the loan fund and other eligible activities, estimated to be \$35,353,500, is appropriated from federal receipts to the Alaska drinking water fund (AS 46.03.036(a)).

**(o)** 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, 2027, estimated to be \$7,160,800, is appropriated to the Alaska drinking water fund (AS 46.03.036(a)) from the following sources:

**(1)** the amount available for appropriation from Alaska drinking water fund revenue bond receipts, estimated to be \$2,181,200;

**(2)** the amount necessary, after the appropriation made in (1) of this subsection, not to exceed \$4,979,600, from the general fund.

**Subsections (l) through (o)** provide funds 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. In FY27, the Governor is also requesting \$2.9 million of general funds for the clean water program and \$7.2 million of general funds for the drinking water program.

**Legislative Fiscal Analyst Comment:** The additional General Fund Match is due to an increase in Federal receipts that came from an expansion of the program with the federal Infrastructure Investment and Jobs Act (IIJA). This additional match was requested and appropriated in FY23

and appropriated in that year's budget, but the Department did not end up using it because work had not yet begun. The Department reports that expended most of the UGF appropriated in FY25 and expects to use the full amount appropriated in FY26. The IIJA loans are subsidized, so they do not generate significant arbitrage earnings like other loans.

**(p) The amount received under AS 18.67.162 as program receipts, estimated to be \$85,000, 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, 2027, is appropriated to the crime victim compensation fund (AS 18.67.162).**

**Subsection (p)** 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 (p)** does not appropriate income from the fund, so income will remain in the general fund.

**(q) The sum of \$1,005,480 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 (q)** capitalizes the Crime Victim Compensation Fund with Restorative Justice Account funds (formerly known as "PFD Criminal Funds"). The Violent Crime Compensation Board may distribute payments to victims of crime (and their dependents) without further appropriation.

**Legislative Fiscal Analyst Comment:** The amount of Restorative Justice Account funding (AS 43.23.048) available for appropriation each year is calculated to represent the sum of Permanent Fund Dividends forfeited by Alaskans sentenced or incarcerated for felonies and certain misdemeanors in the qualifying calendar year. The distribution reduces the amount of the Permanent Fund Dividend distribution to eligible Alaskans.

In FY26, the amount available for appropriation was based on 8,238 ineligible Alaskans and a \$1,702 dividend for the qualifying 2023 calendar year (paid in 2024), and in FY27 the amount in the Governor's request is based on 8,379 ineligible Alaskans and a \$1,000 dividend for the qualifying 2024 calendar year (paid in 2025).

AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:

**12% - Crime Victims Comp. Fund (10-13%)**

3% - Legislature - Office of Victims' Rights (2-6%)
3% - Public Safety - Nonprofit Services for Crime Victims (1-3%)
3% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)
79% - Corrections - Costs Related to Incarceration or Probation (79-88%)

**(r) An amount equal to the interest earned on amounts in the election fund required by the federal Help America Vote Act, estimated to be \$250,000, is appropriated to the election fund for use in accordance with 52 U.S.C. 21004(b)(2).**

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

**(s) The vaccine assessment program receipts collected under AS 18.09.220 during the fiscal year ending June 30, 2027, estimated to be \$20,000,000, are appropriated to the vaccine assessment fund (AS 18.09.230).**

**Subsection (s)** appropriates Vaccine Assessment Program Receipts, estimated to be \$20.0 million, to the Vaccine Assessment Account. This fund spends without further appropriation. The assessment is set by the Alaska Vaccine Assessment Council.

**Legislative Fiscal Analyst Comment:** The projected amount went down from \$25.0 million to \$20.0 million due to lower projected vaccine costs.

**(t) The sum of \$14,022,000 is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the community assistance fund (AS 29.60.850).**

**Subsection (t)** capitalizes the Community Assistance Fund with \$14.0 million of Power Cost Equalization Endowment (PCE) funds, allowing for an FY28 payout of \$18.0 million.

**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% are available for appropriation as follows:

- (1) First, up to \$30.0 million is allocated to the Community Assistance Program,
- (2) Second, up to \$25.0 million is allocated to Rural Energy programs.

The Governor's calculation is based on FY24 earnings and FY26 budgeted PCE costs, but it appears to incorrectly prorate the FY26 PCE costs based on the FY27 percent of market value (POMV) calculation for the PCE program. The appropriation language for the FY26 PCE program applies the FY26 POMV calculation as the cap, but that calculation is higher than the estimated program cost, so nothing should be prorated.

The statute is also ambiguous about how the Alaska Permanent Fund Corporation's (APFC) management fees should be applied to this calculation. Prior to the PCE Fund moving to APFC, the calculation deducted budgeted management fees before calculating available revenue. The Governor's calculation does not account for these management fees at all. The most

straightforward calculation would be to deduct actual fees from available revenue, but the statute does not make it clear how to deduct them.

Based on not prorating and deducting actual management fees from FY24 investment revenue, the available amount from the PCE fund would be \$12,366.2

**Legislative Fiscal Analyst Recommendation:** Adjust the PCE amount to \$12,366.2 to more appropriately account for actual and projected costs. The amount of UGF, if any, is a policy choice.

Adjust the calculation under AS 42.45.085 to use the most recent closed fiscal year from when the budget is prepared (so FY27 is based on FY25 earnings) and deducts actual program expenditures and management fees from the same year to determine what earnings are available for appropriation. This ensures that all figures are based on actuals rather than estimates without introducing an unnecessary additional lag year.

**(u) The amount necessary, estimated to be \$26,000,000, for fire suppression activities during the fiscal year ending June 30, 2027, is appropriated to the fire suppression fund (AS 41.15.210) from the following sources:**

- (1) \$20,500,000 from federal receipts;**
- (2) \$500,000 from interagency receipts; and**
- (3) \$5,000,000 from statutory designated program receipts.**

**(v) The sum of \$47,482,700 is appropriated from the general fund to the fire suppression fund (AS 41.15.210).**

**Subsection (u)** appropriates the estimated Federal, Interagency, and Statutory Designated Program Receipts for fire suppression to the Fire Suppression Fund. **Subsection (v)** appropriates a fixed amount of general funds.

**Legislative Fiscal Analyst Comment:** In FY26, the legislature appropriated UGF equaling the average spending from those funds over the past five years, which was \$74.3 million for the FSF. The Governor vetoed \$26.9 million, bringing the figure down to match the FY25 Enacted amount. The amount in Governor's FY27 budget matches this total.

The Governor has issued two fire disasters adding an estimated \$55.0 million in UGF fire suppression costs. These disaster declarations do not appear to match the procedure in AS 26.23.020. Per AS 26.23.020, the Governor may declare a state of disaster which lasts up to 30 days; during that time, per AS 26.23.020(j), if the disaster is a fire, "the governor may expend state funds as necessary to save lives or protect property and public health and safety." This does not mean that no appropriation is needed, just that expenditures may occur even without available funds.

In 2025, the Governor followed a different procedure. He declared a state of disaster on August 9, 2025, and stated that a ratification of the estimated impact of \$30.0 million would be submitted to the legislature. On November 25, 2025, the Governor issued another disaster declaration for fire suppression, estimating that an additional \$25.0 million would be needed, which would be submitted to the legislature as a ratification request.

This second declaration is entirely unnecessary; the state of disaster itself triggers the Governor's ability to expend funds, and a disaster declaration issued long after fires are no longer burning is not necessary to increase the estimated cost of the earlier declaration. In addition, a ratification is not the appropriate mechanism because the expenditures were incurred in FY26, which is an active fiscal year; a simple appropriation would be more appropriate.

The \$55.0 million total is preliminary and does not account for fires in the Spring of 2026, so the final amount should be adjusted.

**Legislative Fiscal Analyst Recommendation:** The legislature should appropriate the amount it deems necessary for fires in FY26 to the Fire Suppression Fund rather than ratify the disaster declarations. In FY27, the legislature may consider appropriating closer to the average cost of fire suppression to avoid routine supplemental appropriations.

### Deleted Subsection

*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, 2026, less the amount of those program receipts appropriated to the Department of Administration, division of motor vehicles, for the fiscal year ending June 30, 2026, estimated to be \$44,500, is appropriated to the derelict vessel prevention program fund (AS 30.30.096).*

Ch. 23, SLA 2025 (HB 31) repealed the Derelict Vessel Prevention Program Fund, and all remaining funds in the account were appropriated in the FY26 operating budget. This section is no longer necessary.

**26. FUND TRANSFERS.** (a) The federal funds received by the state under 42 U.S.C. 6506a(l) 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 any NPR-A revenue not granted as NPR-A grants [per AS 37.05.530(g)].

**Funding:** The Governor's capital budget does not include an appropriation for NPR-A grants, so the estimated impact of **Section(a)(1)** is \$3.2 million and **Subsection(a)(2)** appropriates \$0.1 million to the Public School Trust Fund and \$9.6 million to the PCE Endowment Fund

**Legislative Fiscal Analyst Comment:** Federal royalties from leases in the National Petroleum Reserve-Alaska have historically been split 50/50 with the State, but 42 U.S.C. 6056a(1)(1) requires that the State "give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act." This requirement was litigated in the 1980s and the result is the NPR-A Impact Grant program under AS 37.05.530. Appropriations to that program are made annually in the capital budget. HR1 (also known as the One Big Beautiful Bill Act or OBBBA) changed the royalty split to 70/30 for leases issued after July 2025, but not until 2034. Legislative Legal wrote an opinion in November 2025 that confirmed that OBBBA did not amend the sharing requirement.

In the Fall 2025 Revenue Sources Book, this revenue is no longer classified as Federal Receipts and instead is split between the general fund, Permanent Fund, and the Public School Trust Fund. The Governor's capital budget does not include the typical appropriation to the NPR-A Impact Grant program. This section is language that typically applies just to lapsing grants, but in this case would apply to all NPR-A revenue.

Legislative Finance maintains the federal classification of these funds, consistent with the Legislative Legal opinion.

**(b) An amount equal to 10 percent of the filing fees received by the Alaska Court System during the fiscal year ending June 30, 2025, estimated to be \$306,380, 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% of individuals' punitive damage awards received during the previous closed fiscal year be deposited into the general fund. **Subsection (c)** appropriates 10% of the filing fees received by the Alaska Court System in FY24 into the Civil Legal Services Fund. **Section 1** appropriates this 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.

**(c) 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, 2026, estimated to be \$1,528,300, not otherwise appropriated by this Act;**

**(2) the amount collected for the fiscal year ending June 30, 2026, estimated to be \$6,080,000, from the surcharge levied under AS 43.55.300; and**

**Subsections (c)(1) and (2)** appropriate (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY25 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, 2026, estimated to be \$6,100,000, from the surcharge levied under AS 43.40.005.**

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

**(d) 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, 2026, estimated to be \$700,000, not otherwise appropriated by this Act; and**

**(2) the amount collected for the fiscal year ending June 30, 2026, estimated to be \$1,520,000, from the surcharge levied under AS 43.55.201.**

**Subsection (d)** appropriates (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY25 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 \$50.0 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 account balance is not expected to exceed \$50 million in FY26.

**Subsections (d) and (e)** are effective June 30, 2025 (a supplemental effective date). Prior to the SLA 2022 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.

**(e) The unexpended and unobligated balance on June 30, 2026, estimated to be \$2,000,000, 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).**

**(f) The unexpended and unobligated balance on June 30, 2026, estimated to be \$1,000,000, 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% 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 (e) and (f)** 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 \$1,050,100 of Clean Water funds and \$1,043,800 of Drinking Water funds in FY26. At the end of FY24, the balance of the Clean Water Administrative Fee Account is expected to be \$5.7 million, and the balance of the Drinking Water Administrative Fee Account is anticipated to be \$7.1 million.

**(g) 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, 2027, is appropriated to the special aviation fuel tax account (AS 43.40.010(e)).**

**Subsection (g)** 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.

**(h) An amount equal to the revenue collected from the following sources during the fiscal year ending June 30, 2027, estimated to be \$1,318,000, 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 \$125,000; 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 \$690,000.**

**Subsection (h)** appropriates revenue from a variety of sources to the Fish and Game Fund.

**Legislative Fiscal Analyst Comment:** Because the boating and angling access sites were constructed with dedicated Fish and Game Fund, the federal government has indicated that facility user fees must be appropriated to the Fish and Game Fund.

**(i) The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2027, 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 (i)** 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 18(b)).

**(j) Twenty-five percent of the donations received under AS 43.23.230(b), estimated to be \$233,525, is appropriated to the education endowment fund (AS 43.23.220).**

**Subsection (j)** authorizes a transfer of funds to the Education Endowment Fund from donations made to the Permanent Fund Dividend raffle.

**Legislative Fiscal Analyst Comment:** AS 43.23.220(d) provides that when the Education Endowment fund balance reaches \$1 billion, a 4.5% POMV draw will be used to provide supplemental funding to school districts. As of November 30, 2025, the balance was about \$2.3 million.

**(k) The unexpended and unobligated balance of the large passenger vessel gaming and gambling tax account (AS 43.35.220) on June 30, 2027, estimated to be \$30,439,000, is appropriated to the general fund.**

**Legislative Fiscal Analyst Comment:** The Fall 2024 Revenue Sources Book projects \$27.9 million from this revenue source in FY26. The Governor's budget does not utilize this fund source, so the entire balance is available for appropriation.

**(l) The proceeds received from the sale of Alaska marine highway system assets during the fiscal year ending June 30, 2027, are appropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).**

**Subsection (l)** appropriates proceeds of any sale of Alaska Marine Highway System (AMHS) assets to the AMHS Vessel Replacement Fund (VRF) which is a savings account to be used for AMHS vessel upgrades and replacement.

**Legislative Fiscal Analyst Comment:** This language appeared in prior budgets in the Department of Transportation section, but this placement matches budget reports and is more appropriate.

## **Deleted Subsections**

*The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2026, 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).*

This **deleted section** appropriated funds from an origination fee charged by the Alaska Commission on Postsecondary Education (ACPE) to the appropriate account. An origination fee has not been charged in many years; this section could be added back if ACPE opts to charge one in the future.

*The sum of \$6,315,507 is appropriated from the power cost equalization endowment fund (AS 42.45.070(a)) to the renewable energy grant fund (AS 42.45.045).*

This **deleted section** appropriated funds to the Renewable Energy Fund, which were then spent in the capital budget. The Governor's FY27 budget request includes no funding for the Renewable Energy Fund. The Alaska Energy Authority solicited a request for applications in the fall of 2025 for new projects; by statute, the recommendations are due to the legislature in January.

*The amount received by the Alaska Commission on Postsecondary Education as repayment for WWAMI medical education program loans, estimated to be \$575,000, is appropriated to the Alaska higher education investment fund (AS 37.14.750).*

This **deleted section** was vetoed by the Governor for the second consecutive year. It would have appropriated proceeds of WWAMI medical loan repayments to the Higher Education Investment Fund, which is the source of funding for the WWAMI program.

**Sec. 27. RETIREMENT SYSTEM FUNDING.** (a) **The sum of \$75,283,000 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, 2027.**

**Subsection (a)** provides \$75.3 million as an additional State contribution to the Public Employees' Retirement System (PERS).

**(b) The sum of \$157,201,000 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, 2027.**

**Subsection (b)** provides \$157.2 million as an additional State contribution to the Teachers' Retirement System (TRS).

**Legislative Fiscal Analyst Comment:** The Governor's budget does not include the full funding for PERS and TRS as recommended by the Alaska Retirement Management Board (ARM Board). That board recommended \$106,323.0 and \$163,926.0 for PERS and TRS, respectively;

the Governor's total is a combined \$37,765.0 million lower. The Governor's budget (in Section 1) does provide the full recommended amount for the State as an employer, however.

PERS and TRS contribution rates are capped in statute at 22% (AS 39.35.255(a)) and 12.56 percent (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 TRS employers contribute up to 12.56% of payroll costs. Any projected actuarial costs for non-State employers 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. The State as an employer pays the full rate.

The ARM Board calculated the FY27 rate based on 25-year amortization of the 2014 unfunded liability and 15-year amortization retroactively applied to new unfunded liabilities accrued since then. The Governor instead funded an amount that applies the 25-year amortization period to all unfunded liabilities. This does not match either the FY26 or FY27 rate policies adopted by the Board.

The fiscal impact of paying less than the ARM Board's actuarial amount is to reduce payments upfront but significantly increase them in future years.

**(c) The sum of \$1,436,710 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, 2027.**

**Subsection (c)** provides \$1.4 million 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.

The FY27 amount is up by \$261.1, primarily due to an increase in the monthly health coverage cost from \$1,098 to \$2,030. This contribution has not been adjusted in at least 15 years and will now match the AlaskaCare employer cost.

**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, 2027, of the following ongoing collective bargaining agreements:**

- (1) Public Employees Local 71, for the labor, trades, and crafts unit;**
- (2) Alaska Public Employees Association, for the supervisory unit;**
- (3) Teachers' Education Association of Mt. Edgecumbe, representing the teachers of Mt. Edgecumbe High School;**

- (4) Alaska Vocational Technical Center Teachers' Association, National Education Association, representing the employees of the Alaska Vocational Technical Center;
- (5) International Organization of Masters, Mates, and Pilots, representing the masters, mates, and pilots unit;
- (6) Alaska State Employees Association, for the general government unit;
- (7) Marine Engineers' Beneficial Association, representing licensed engineers employed by the Alaska marine highway system;
- (8) Confidential Employees Association, representing the confidential unit;
- (9) Inlandboatmen's Union of the Pacific, Alaska Region, representing the unlicensed marine 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 to implement the monetary terms for the fiscal year ending June 30, 2027, of the following collective bargaining agreements:

- (1) Alaska Graduate Workers Association/UAW;
- (2) United Academics - American Association of University Professors, American Federation of Teachers;
- (3) United Academic - Adjuncts - American Association of University Professors, American Federation of Teachers.

**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 2025, estimated to be \$4,858,000, 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, 2027, to qualified regional associations operating within a region designated under AS 16.10.375.**

**Funding:** This “pass-through” amount, estimated to be \$4.9 million 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 2025, estimated to be \$2,278,000, 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, 2027, to qualified regional seafood development associations for the following purposes:**

- (1) promotion of seafood and seafood byproducts 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 seafood byproducts 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 \$2.3 million, 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, 2026, estimated to be \$300,000 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, 2027, to the qualified regional dive fishery development association in the administrative area where the assessment was collected.**

**Funding:** This “pass-through” amount, estimated to be \$300,000, is 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, 2027:**

REVENUE SOURCE	FISCAL YEAR COLLECTED	ESTIMATED AMOUNT
<b>Fisheries business tax (AS 43.75)</b>	<b>2026</b>	<b>\$20,903,000</b>
<b>Fishery resource landing tax (AS 43.77)</b>	<b>2026</b>	<b>5,014,000</b>
<b>Electric and telephone cooperative tax (AS 10.25.570)</b>	<b>2027</b>	<b>4,408,000</b>
<b>Liquor license fee (AS 04.11)</b>	<b>2027</b>	<b>785,000</b>
<b>Cost recovery fisheries (AS 16.10.455)</b>	<b>2027</b>	<b>0</b>

**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 \$27.6 million, are counted as Designated General Funds using the Shared Taxes fund code 1261.

**(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, 2027, estimated to be \$175,000, 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 \$175,000, is 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% 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 2026, according to AS 43.52.230(b), estimated to be \$31,014,000, 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, 2027.**

**Subsection (f)** appropriates \$31.0 million of Commercial Vessel Passenger “Head” Tax receipts to the first seven ports of call.

**Funding:** This “pass-through” tax is 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 2026 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 2026, 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.

**Sec. 30. RATIFICATION OF SMALL AMOUNTS IN STATE ACCOUNTING SYSTEM.** The appropriation to each department under this Act for the fiscal year ending June 30, 2027, 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 30 allows departments to use money appropriated for FY27 to clean up small negative account balances (or ratifications) from prior fiscal years. This section removes the need for minuscule ratifications.

### **Deleted Section**

***SPECIAL APPROPRIATIONS.** (a) If the unrestricted general fund revenue, including the appropriation made in sec. 25(c) of this Act, collected in the fiscal year ending June 30, 2026, exceeds \$6,300,000,000, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2026, of the difference between \$6,300,000,000 and the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2026, not to exceed \$700,000,000, is appropriated to the budget reserve fund (AS 37.05.540(a)).*

This **deleted section** provided an energy relief payment of up to \$700.0 million if FY26 UGF revenue exceeds \$6.3 billion. The Fall 2025 Revenue Sources Book projects that UGF revenue will be \$5.9 billion, so triggering this provision is unlikely.

### **New Section**

**Sec. 31. CONSTITUTIONAL BUDGET RESERVE FUND.** (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2026 that are made from subfunds and accounts of the operating general fund by operation of art. IX, sec. 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 CBR sweep has not been reversed since FY20.

**(b) If the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2027, is insufficient to cover the general fund appropriations made for the fiscal year ending June 30, 2027, 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 (art. IX, sec. 17, Constitution of the State of Alaska).**

**Subsection (b)** fills any budget deficit with a transfer from the CBR to the general fund.

**Funding:** The estimated value of this appropriation is about \$1.5 billion based on the Governor's FY27 proposed budget. At the beginning of FY26, there is an estimated \$3.4 billion balance in the CBR.

**(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.

### **New Section**

**Sec. 32. SUPPLEMENTAL CONSTITUTIONAL BUDGET RESERVE FUND.** **(a) If the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2026, is insufficient to cover the general fund appropriations made for the fiscal year ending June 30, 2026, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the general fund, not exceed \$250,000,000, is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).**

**Section 32** provides deficit-filling language from the Constitutional Budget Reserve (CBR) Fund for FY26, up to a draw of \$250.0 million.

**Legislative Fiscal Analyst Comment:** The FY26 Enacted budget had a projected surplus based on the Department of Revenue's Spring 2025 forecast, but a projected deficit under the Fall 2025 forecast. Based on the Fall forecast, there is a deficit of about \$51.0 million. In addition, supplemental appropriations would result in a larger deficit. The Governor proposes to fill this deficit with a draw from the Constitutional Budget Reserve, which has about \$3.4 billion as of the beginning of FY26.

**Legislative Fiscal Analyst Recommendation:** The Governor's proposed language as written fills a deficit of up to \$250.0 million, but if revenue drops further or additional

supplemental appropriations are needed, that amount will be insufficient. Based on supplemental appropriations already requested, the estimated deficit is \$217.2 million. If the language is to be limited, it should be by the amount of additional supplemental appropriations (often called “headroom”) rather than by the size of the deficit.

**(b) The sum of \$129,598,900 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Alaska higher education investment fund (AS 37.14.750).**

This section would appropriate a fixed amount equal to the preliminary estimated draw from the Higher Education Investment Fund (HEIF) to fill the FY25 deficit back to the HEIF from the CBR.

**Legislative Fiscal Analyst Recommendation:** The final impact of the FY25 deficit draw on the HEIF will be unknown until audited FY25 financial statements are released, which may not happen for several months. To ensure that the HEIF is fully repaid, the language should be adjusted to an “estimated to be” figure based on the actual draw when it is known.

**(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.

### **Deleted Section**

*Section 69(b), ch. 11, SLA 2022, sec. 64(a), ch. 1, FSSLA 2023, and sec. 36(j), ch. 7, SLA 2024, are repealed.*

The **deleted section** repealed appropriations to the Department of Law for Statehood Defense and the Department of Education for a grant to Alaska Resource Education. This section was vetoed by the Governor.

**Legislative Fiscal Analyst Comment:** Vetoing repeals of appropriations may be unconstitutional because the Governor’s veto power is limited to reducing appropriations, but vetoing a repeal has the effect of increasing total appropriations.

### **Deleted Section**

*Section 32(f), ch. 7, SLA 2024, sec. 34(e), ch. 7, SLA 2024, and sec. 44(b), ch. 7, SLA 2024, are repealed.*

This **deleted section** repealed sections of the FY25 lapsing funds “waterfall” that were replaced by identical supplemental sections, after inserting a new item before them in the order.

**Sec. 33. LAPSE OF APPROPRIATIONS.** The appropriations made in secs. 8(a), (b) (c)(1), (d), and (e), 10(c) - (e), 23(b), (c), and (i), 25, 26(a) - (j) and (l), 27(a) and (b), and 32(b) of this Act are for the capitalization of funds and do not lapse.

Section 33 ensures that money deposited into various funds will not lapse at the end of FY26.

**Sec. 34. RETROACTIVITY.** The appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2026 program receipts or the unexpended and unobligated balance on June 30, 2026, of a specified account are retroactive to June 30, 2026, solely for the purpose of carrying forward a prior fiscal year balance.

Section 34 is standard language to ensure that revenue attached to appropriations or allocations with carryforward language does not lapse at the end of FY26.

### **Deleted Section**

**CONTINGENCIES.** (a) *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 Office of the Governor, office of management and budget, satisfying the requirements of sec. 27(b)(1) of this Act.*

(b) *The appropriation made in sec. 16(c) of this Act is contingent on the Department of Health receiving notice from the United States Department of Agriculture Food and Nutrition Service that a liability amount is again established for federal fiscal year 2024, requiring the state to make a payment to satisfy the state's liability for the Supplemental Nutrition Assistance Program penalty assessed for federal fiscal year 2023.*

(c) *The appropriation made in sec. 30(e) of this Act is contingent on the failure of a bill increasing the base student allocation to be passed by the Thirty-Fourth Alaska State Legislature in the First Regular Session and enacted into law.*

(d) *The appropriation made in sec. 30(f) of this Act is contingent on the failure of a version of House Bill 76 or a similar bill increasing student transportation funding to be passed by the Thirty-Fourth Alaska State Legislature in the First Regular Session and enacted into law.*

(e) *The appropriations made in sec. 49(b) of this Act are contingent on the failure of the appropriation made in sec. 50(a) of this Act to be enacted into law.*

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

**Legislative Fiscal Analyst Comment:** The Office of Management and Budget has provided LFD with copies of LOAs issued so far in FY26 as they are signed.

**Sec. 35. Section 34 of this Act takes effect immediately under AS 01.10.070(c).**

**Sec. 36. Sections 20(b), 25(d), 26(c) and (d), and 32 of this Act take effect June 30, 2026.**

**Sec. 37. Except as provided in secs. 35 and 36 of this Act, this Act takes effect July 1, 2026.**

## **Capital Budget**

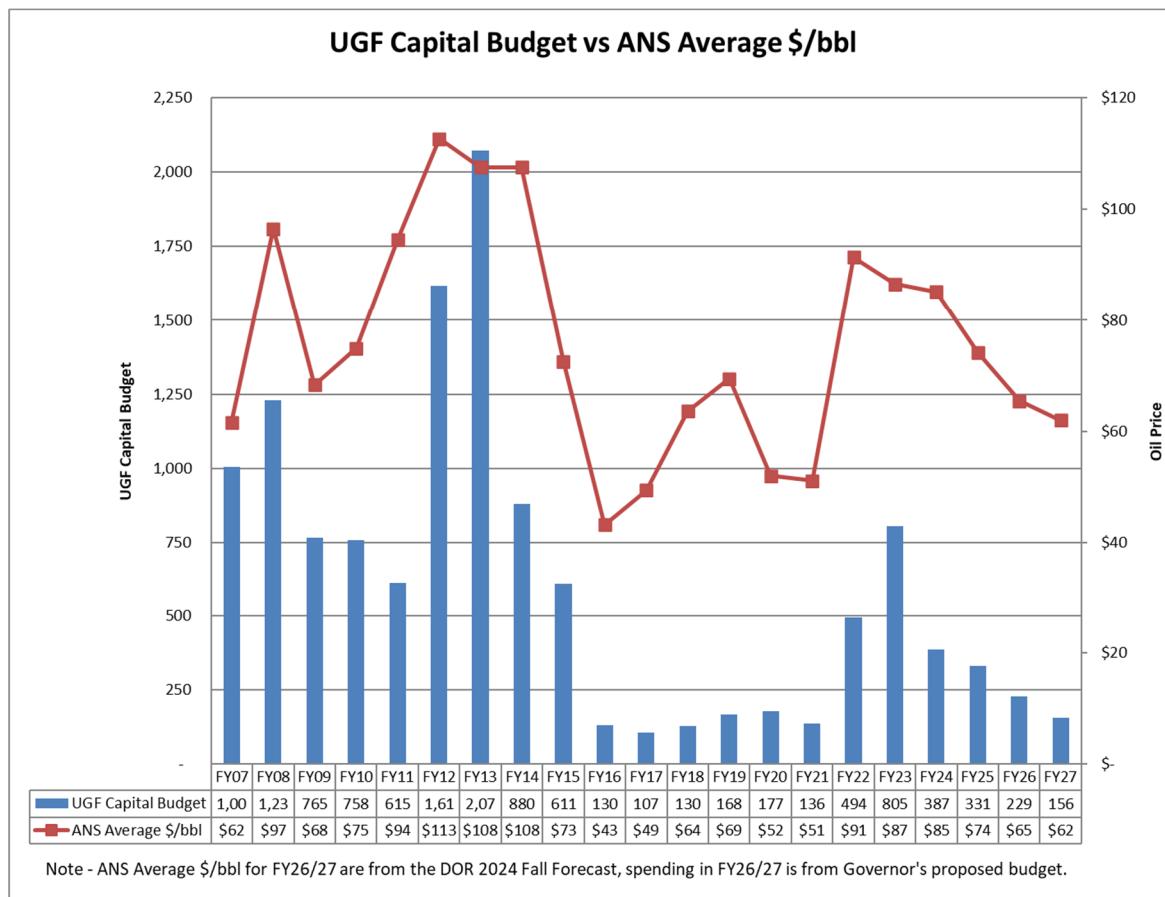
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## Capital Budget Overview

The Governor's FY27 capital budget submission (including mental health capital items) totals \$2.1 billion, with \$1.6 billion in federal funding, and \$156.6 million of Unrestricted General Funds (UGF), of which \$127.7 is used to match federal funds. This is a \$3.0 million (1.8%) decrease in UGF spending from FY26 authorized levels.

However, the submission also includes six FY26 supplemental appropriations totaling \$70.2 million of UGF (\$69.7 million of UGF/Match) and a \$0.7 million reappropriation. In the 2025 legislative session many alternative fund sources were used to supplant UGF matching funds. The Governor subsequently vetoed a number of these including substantial reappropriations for federal highways and aviation match. The Governor is proposing covering his veto amounts with UGF supplementals.

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



As illustrated in the graph, the years FY06 - FY15 saw unprecedented capital investment. During that ten-year span, over \$25.0 billion of state and federal funding was appropriated for capital projects. This includes nearly \$10.0 billion of UGF.

The FY17 - FY21 capital budgets primarily included projects that utilized non-UGF fund sources and matching funds. However, the 2022 legislative session included almost a billion dollars in UGF capital spending spread across FY22 supplementals and FY23. FY24 through FY26 capital budgets were somewhere between the extremes, The Governor's FY27 submission more closely resembles an FY17-21 capital budget.

## The Governor's FY27 Capital Budget

The Governor's FY27 capital budget is less notable for what it contains than for what it lacks. The Governor again focuses on leveraging federal transportation and Village Safe Water funding but includes only two 100% UGF funded projects. The budget's near-exclusive focus on matching federal funds eliminates nearly all flexibility to address non-federal priorities.

The following table summarizes the Governor's budget by agency in thousands of dollars.

Department	UGF	DGF	Other	Federal	Total
<b>Administration</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
<b>Commerce</b>	\$65.0	\$350.0	\$15,300.0	\$6250.0	<b>\$21,965.0</b>
<b>Corrections</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
<b>Environmental Conservation</b>	\$18,000.0	\$0.0	\$38,359.5	\$267,085.1	<b>\$323,444.6</b>
<b>Fish and Game</b>	\$4,125.0	\$150.0	\$2,950.0	\$13,050.0	<b>\$20,275.0</b>
<b>Family and Community Serv.</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
<b>Governor</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
<b>Health</b>	\$1,150.0	\$0.0	\$1,000.0	\$0.0	<b>\$2,150.0</b>
<b>Labor</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$85.0</b>
<b>Law</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$8,000.0</b>
<b>Military and Veterans Affairs</b>	\$0.0	\$0.0	\$0.0	\$58,715.9	<b>\$58,715.9</b>
<b>Natural Resources</b>	\$1,900.0	\$3,450.0	\$400.0	\$19,230.0	<b>\$24,980.0</b>
<b>Public Safety</b>	\$0.0	\$300.0	\$0.0	\$0.0	<b>\$300.0</b>
<b>Revenue</b>	\$22,900.0	\$0.0	\$6,785.0	\$63,250.0	<b>\$92,935.0</b>
<b>Transportation</b>	\$108,460.0	\$55,932.8	\$119,809.7	\$1,245,618.3	<b>\$1,529,820.7</b>
<b>University of Alaska</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
<b>Judiciary</b>	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
<b>Total</b>	<b>\$156,600.0</b>	<b>\$60,182.8</b>	<b>\$184,604.2</b>	<b>\$1,673,199.3</b>	<b>\$2,074,586.2</b>

## Federal Program Match

\$127.7 (81.5%) of the UGF in the Governor's capital budget is used to match federal funding totaling around \$1.6 billion.

The major federal match appropriations are:

- **Federal-Aid Highway Match** (Department of Transportation and Public Facilities) – \$93.3 million UGF to match \$890.2 million for the Surface Transportation Program (STP);

- **Federal-Aid Aviation State Match** (Department of Transportation and Public Facilities)  
– \$12.8 million UGF, and \$21.1 million in International Airport Receipts to match \$344.4 million for the Aviation Improvement Program; and
- **Village Safe Water and Wastewater Infrastructure Projects** (Department of Environmental Conservation) – \$18 million in UGF, and \$0.5 million in Statutory Designated Program Receipts to match \$267.1 million of federal funds. This is down from \$415.5 million in FY26.

**The Governor's budget does not include allocations for specific federal highway and aviation projects, but this will likely come in future amendments.** For the last few years, the Governor's December budget release has included single appropriations, without individual project allocations for both the Surface Transportation Program (STP) and Airport Improvement (AIP) programs. This has primarily been due to the timing and programming of the required federal planning documents – essentially allowing for as much time as possible before final decisions are made. Those individual project allocations have then been included with the Governor's amended budget on the 30<sup>th</sup> day of session. For a project to be eligible to receive funding in either the STP or AIP programs, it must appear in a federally approved capital improvement plan. These plans follow federal requirements for project planning that include public involvement.

**The Governor's capital budget includes a \$69.7 million supplemental request for matching funds that were not funded in the 2025 budget process.** In 2025, the legislature appropriated \$62.1 million of federal matching funds from several sources other than UGF, but the Governor vetoed this funding. This veto created a match funding shortfall, prompting the Governor to propose \$69.7 million in supplemental FY26 GF/Match funding (the difference between the vetoed amount and the Governor's request is due to the legislature intentionally funding below the agency request.) The vetoes included \$41.1 million of funding from past projects (most notably \$37.1 million from two appropriations for Juneau Access) and \$21.0 million of reappropriations of past matching funds.

Technically, nothing prevents the Department from using these unobligated prior-year matching funds in the current year even without reappropriation. Because capital projects typically have extended spending timelines, it's unclear what amount of the \$69.7 million match is required within the current fiscal year. While the Department would prefer immediate access to the full match amount, appropriating the funding across multiple years may be feasible without disrupting projects. Nonetheless, uncertainty about match availability could affect the Department's and contractors' ability to plan effectively moving forward.

## **Facilities Maintenance and Renewal**

The State of Alaska's buildings and facilities are estimated to have a \$14.6 billion replacement value as of FY24 (\$8.4 billion excluding the University of Alaska plus \$6.2 billion of University

facilities). The State does not have a clearly defined schedule of maintenance and renewal for these facilities, and the result has been systematic underinvestment in State facilities.

**The State's Deferred Maintenance backlog is \$2.4 billion, but that understates the current need.** Deferred maintenance (DM) is maintenance that has been deferred to another time, usually because of insufficient funding. The most recent estimates by the Office of Management and Budget provide a deferred maintenance backlog totaling just under \$2.4 billion for FY24 (see the table below), which is an increase of 9% from the FY23 estimate.

The University of Alaska accounts for 63% of the reported backlog, but this is likely reflective of more systematic cataloging of maintenance needs rather than an outsized need. For example, between FY22 and FY23, the State undertook a more comprehensive inventory of deferred maintenance needs in the Public Building Fund, and the reported backlog for those facilities rose by 164%.

Agency	FY24 Total DM Backlog	% of total	% of total excl. UA	% change from FY23
Transportation & Public Facilities	\$ 323,192.1	14%	36%	-3%
DOT&PF Public Building Fund (FY2023)	\$ 210,706.6	9%	24%	164%
Natural Resources	\$ 93,989.0	4%	11%	-1%
Corrections	\$ 89,817.7	4%	10%	1%
Family & Community Services	\$ 44,643.0	2%	5%	-11%
Labor & Workforce Development	\$ 26,200.0	1%	3%	110%
Education & Early Development	\$ 25,776.0	1%	3%	19%
Fish & Game	\$ 20,581.0	1%	2%	0%
Alaska Court System	\$ 15,125.0	1%	2%	5%
Public Safety	\$ 16,530.0	1%	2%	28%
Military & Veterans Affairs	\$ 12,700.0	1%	1%	600%
Health	\$ 5,171.7	0%	1%	-18%
Environmental Conservation	\$ 2,024.7	0%	0%	-2%
<b>Total without the University</b>	<b>\$ 886,456.8</b>	<b>37%</b>		<b>20%</b>
University of Alaska	1,483,522.5	63%		3%
<b>Total with Univ.</b>	<b>\$2,369,979.3</b>		N/A	<b>9%</b>

**Deferred Maintenance appropriations in the Governor's budget are far below long-term needs.** The Governor's FY27 capital budget spends an estimated \$26.3 million from the Alaska Capital Income Fund (ACIF) on deferred maintenance managed through the Department of Transportation after nearly a decade of management by the Governor's Office. A common rule of thumb is to spend at least 2% of facilities value per year, which would be \$292 million based on the \$14.6 billion facility value in FY24.

The Governor's FY27 capital budget does not include specific funding for the University of Alaska's DM backlog. The University used to devote a significant amount of operating funds to deferred maintenance, but that has decreased since UGF operating support declined starting in the FY16 budget. In the 2021 through 2024 sessions, the Governor vetoed all or a portion of the capital budget appropriations the legislature made for this purpose.

**The Governor's budget does not include any funding for renewal or replacement of existing facilities.** Addressing deferred maintenance on aging facilities is not always the most cost-effective path; sometimes, complete replacement is the best option. Without a strategy for replacing facilities that are at the end of their useful life, the State may be spending more on temporary patches.

In some cases, constructing a new facility while the current one is still functional would be more cost-effective than waiting for the current facility to be unusable. For example, the Fairbanks Pioneer Home is nearing the end of its usable life. The Department reported in 2024 that it would be significantly cheaper (\$127.7 million versus \$151.5 million) to construct a new facility near the current one than to renovate the existing one with residents still in it. But the new facility has not yet appeared in the Governor's capital budget.

Beyond state-owned facilities, Alaska faces significant deferred maintenance backlogs in both school facilities and rural water and sewer systems that depend on state funding for maintenance.

**The Governor's budget includes no capital funding for school district maintenance or construction.** The Major Maintenance Grant Fund supports school district deferred maintenance needs. For FY27, districts have submitted project requests totaling \$401.0 million in state funding—up from \$261.5 million in FY26. This figure represents only those projects formally submitted through the program and does not capture the full extent of maintenance needs across Alaska's schools.

The FY26 budget allocated \$12.9 million to the fund, sufficient to cover only the first four projects on the priority list. When districts recognized the renewed possibility of grant funding after several years without appropriations, the request list expanded considerably. The Governor's FY27 budget does not include any appropriations for either the School Major Maintenance Fund or the School Construction Grant Fund.

**The Governor's budget funds rural water and sewer infrastructure needs through the Village Safe Water program.** As of a March 2025 agency estimate, upgrades to existing sanitation infrastructure requires approximately \$1.2 billion, while first-time service installations in rural Alaska need an estimated \$1.1 billion. These estimates have increased substantially due to rising construction expenses. These needs are primarily met through the Village Safe Water program, which totals \$272.5 million in the Governor's budget (primarily from federal funds).

## **Other Significant Capital Items**

For additional information on specific projects please look in the **FY2027 - Summary of Significant Capital Budget Issues** section for each department section of this overview.

## Language Sections of the Governor's FY27 Capital Budget

### New Section

**Sec. 7. SUPPLEMENTAL DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT.** The unexpended and unobligated balance, estimated to be **\$650,000**, of the appropriation made in sec. 14, ch. 11, SLA 2022, page 117, lines 19 - 20, (Alaska Energy Authority - Electric Vehicle Infrastructure Plan - \$1,500,000), is reappropriated to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for federal matching of the United States Department of Energy State Energy Program.

**Section 7** reappropriates an estimated \$650.0 to Department of Commerce, Community, and Economic Development for federal matching of the United States Department of Energy State Energy Program.

**Sec. 8. 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, 2027, 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 8** provides appropriation of any of the listed receipts that are collected in FY27 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 Recommendation:** The legislature included additional language in this section in FY25 and FY26 that was carried forward in the corresponding Governor's proposed operating budget in FY27, but not in this capital section. 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, 2027, do not include the balance of a state fund on June 30, 2026."

**Sec. 9. 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 9** 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.

**New Section**

**Sec. 10. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT.** (a) The amount received for Community Development Block Grant Disaster Recovery programs is appropriated to the Department of Commerce, Community, and Economic Development for Disaster Recovery Programs.

**Section 10(a)** appropriates the amount received for Community Development Block Grant Disaster Recovery programs to Commerce for Disaster Recovery Programs.

**(b) Tax credits available from the federal government for certain renewable energy projects funded by the Alaska Energy Authority, estimated to be \$0, are appropriated to the Alaska Energy Authority for continued funding of renewable energy projects or matching funds for federal grants.**

**Section 10(b)** appropriates all available federal tax credits (estimated to be zero) for renewable energy projects by Alaska Energy Authority for continued funding of renewable energy projects or matching funds for federal grants.

**Sec. 11. DEPARTMENT OF FISH AND GAME.** (a) The proceeds received by the Department of Fish and Game during the fiscal year ending June 30, 2027, from the sale of state-owned vessels and aircraft purchased without using federal funds, estimated to be \$150,000, are appropriated to the Department of Fish and Game for renewal, replacement, and maintenance of vessels and aircraft.

**Section 11(a)** appropriates an estimated \$150,000 in proceeds from the sale of State-

owned vessels and aircraft belonging to Department of Fish and Game in FY27 back to the Department of Fish and Game for renewal, replacement, and maintenance of vessels and aircraft.

**(b) The proceeds received by the Department of Fish and Game during the fiscal year ending June 30, 2027, from the sale of state-owned equipment purchased by the Department of Fish and Game for federal projects using federal funds, estimated to be \$200,000, are appropriated to the Department of Fish and Game for renewal, replacement, and maintenance of equipment to facilitate the same federal projects.**

**Section 11(b)** appropriates an estimated \$200,000 in proceeds from the sale of State-owned equipment belonging to Department of Fish and Game but purchased with **federal funding** in FY27 back to the Department of Fish and Game for renewal, replacement, and maintenance of equipment to facilitate the same federal projects.

**New Section**

**Sec. 12. DEPARTMENT OF PUBLIC SAFETY.** **(a) The proceeds received by the Department of Public Safety during the fiscal year ending June 30, 2027, from the sale of state-owned vessels and surplus vessel parts and accessories, estimated to be \$150,000, are appropriated to the Department of Public Safety for renewal, replacement, and maintenance of vessels.**

**Section 12(a)** appropriates an estimated \$150,000 in proceeds from the sale of State-owned vessels belonging to Department Public Safety in FY27 back to the Department Public Safety for renewal, replacement, and maintenance of vessels.

**(b) The proceeds received by the Department of Public Safety during the fiscal year ending June 30, 2027, from the sale of state-owned aircraft and surplus aircraft parts and accessories, estimated to be \$150,000, are appropriated to the Department of Public Safety for renewal, replacement, and maintenance of aircraft.**

**Section 12(b)** appropriates an estimated \$150,000 in proceeds from the sale of State-owned aircraft and surplus aircraft parts belonging to Department Public Safety in FY27 back to the Department Public Safety for renewal, replacement, and maintenance of Aircraft.

**New Section**

**Sec. 13. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.** **The amount appropriated to the Alaska capital income fund (AS 37.05.565) for the fiscal year ending June 30, 2027, estimated to be \$26,312,800, is appropriated from the Alaska capital income fund to the Department of Transportation and Public Facilities for statewide critical deferred maintenance, renovation, and repair.**

**Section 13** appropriates \$26,312,800 from the Alaska Capital Income Fund to the Department of Transportation and Public Facilities for statewide critical deferred maintenance, renovation, and

repair.

**Legislative Fiscal Analyst Comment:** This regular appropriation was moved from Governor's Office where it has resided for the last decade.

The Governor is proposing using the full estimated FY27 amount of earning from the Alaska Capital Income Fund whereas in FY26 the Governor's budget intentionally understated the estimate because DOR's previous projections have been higher than actual earnings the last few years.

In the FY25 Enacted Supplemental Budget the Legislature included language appropriating the full balance of the fund on June 30, 2025, to make sure it did not sweep to the CBR. The Governor's upcoming supplemental budget request may include similar language for FY26.

**Sec. 14. LAPSE (a) The appropriations made in secs. 1, 4, 7, 8, 9(2), and 10 - 13 of this Act are for capital projects and lapse under AS 37.25.020.**

**(b) The appropriation made in sec. 9(1) of this Act is for the capitalization of a fund and does not lapse.**

**Sec. 15. Sections 4 - 7 of this Act take effect June 30, 2026.**

This identifies that **Section 4 through 7** (which are capital numbers section) take effect in FY26 as supplemental appropriations.

**Sec. 16. Except as provided in sec. 15 of this Act, this Act takes effect July 1, 2026.**

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## **Agency Narratives and Funding Summaries**

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**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language**  
**Agencies: Admin**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	[5] - [3] 26MgtPIn to Gov	[5] - [4] AdjBase to Gov
<b>Administration</b>							
Centralized Admin. Services	115,079.9	115,079.9	115,079.9	128,269.7	128,601.7	13,521.8	11.7 %
Shared Services of Alaska	10,367.9	10,367.9	10,367.9	0.0	0.0	-10,367.9	-100.0 %
State Facilities M&O	506.2	506.2	506.2	506.2	506.2	0.0	0.0
Public Communications Services	879.5	879.5	879.5	879.5	879.5	0.0	0.0
Information Technology	65,567.7	65,567.7	65,567.7	66,726.0	68,251.9	2,684.2	4.1 %
Risk Management	35,195.6	35,195.6	35,195.6	35,236.6	35,236.6	41.0	0.1 %
Legal & Advocacy Services	89,846.7	89,846.7	89,846.7	92,723.4	92,779.4	2,932.7	3.3 %
Alaska Public Offices Comm	1,272.5	1,272.5	1,272.5	1,321.1	1,340.9	68.4	5.4 %
Motor Vehicles	21,710.8	21,710.8	21,710.8	22,330.1	22,405.1	694.3	3.2 %
<b>Agency Total</b>	<b>340,426.8</b>	<b>340,426.8</b>	<b>340,426.8</b>	<b>347,992.6</b>	<b>350,001.3</b>	<b>9,574.5</b>	<b>2.8 %</b>
<b>Statewide Total</b>	<b>340,426.8</b>	<b>340,426.8</b>	<b>340,426.8</b>	<b>347,992.6</b>	<b>350,001.3</b>	<b>9,574.5</b>	<b>2.8 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	96,648.2	96,648.2	96,648.2	99,681.0	99,829.2	3,181.0	3.3 %
Designated General (DGF)	35,373.1	35,373.1	35,373.1	36,413.8	36,489.5	1,116.4	3.2 %
Other State Funds (Other)	207,107.1	207,107.1	207,107.1	210,576.3	212,361.1	5,254.0	2.5 %
Federal Receipts (Fed)	1,298.4	1,298.4	1,298.4	1,321.5	1,321.5	23.1	1.8 %
							0.0

**Department of Administration**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Centralized Administrative Services / Office of Procurement and Property Management	Move Office of Procurement and Property Management from Shared Services of Alaska to Centralized Administrative Services	Struct	<p>The Governor's proposed FY27 budget deletes the Shared Services of Alaska appropriation. The Division is effectively eliminated while its functions are being redistributed.</p> <p>The Procurement and Property Management allocation is transferred to the Centralized Administrative Services appropriation. The transfer is organizational only and does not change operations or staffing.</p> <p><b>Items 1, 3 and 5 are related.</b></p>
2	Centralized Administrative Services / Various	Transfer Authority and Re-establish Decremented Deputy Commissioner and Chief of Operations Positions	n/a	<p>During the 2025 session, the legislature identified various long-term vacant positions across multiple agencies and chose to decrement those positions and their funding.</p> <p>Specifically for the Department of Administration (DOA), a vacant Deputy Commissioner and Chief Operations Officer were removed in Commissioner's Office allocation along with \$544.4 of Interagency Receipt (I/A) authority.</p> <p>In the <b>FY26 Management Plan</b>, the agency added the positions back and transferred \$214.0 of I/A from the Administrative Services Division allocation to fund the positions (implying they have available existing I/A Receipt authority to make up the difference).</p>
3	Centralized Administrative Services / Print Services	Move Print Services from Shared Services of Alaska to Centralized Administrative Services	Struct	<p>As mentioned in Item 1, the Shared Services of Alaska appropriation is deleted and the functions are redistributed.</p> <p>The Print Services allocation is transferred to the Centralized Administrative Services appropriation. The transfer is organizational only and does not change operations or staffing.</p> <p><b>Items 1, 3 and 5 are related.</b></p>
4	Centralized Administrative Services / Finance	Transfer Payroll Positions Back to Agencies Requesting the Return of Payroll Functions and Oversight Responsibilities	Net Zero <b>(40) PFT Positions ATrOut</b>	After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which desired to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within DOA. DOA would also retain its statewide oversight and audit role for payroll.

**Department of Administration**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Centralized Administrative Services / Finance	Transfer Payroll Positions Back to Agencies Requesting the Return of Payroll Functions and Oversight Responsibilities	<b>Net Zero</b>  <b>(40) PFT Positions</b>  <b>ATrOut</b>	<p>(continued)</p> <p>Under the Governor's FY27 budget proposal, the following agencies would have payroll positions transferred back, beginning in FY27:</p> <p>Corrections - 8 PFTs      Fish and Game - 6 PFTs      Law - 1 PFT      Military and Veterans Affairs - 1 PFT      Natural Resources - 4 PFTs      Public Safety - 3 PFTs      Transportation and Public Facilities - 17 PFTs</p> <p>At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.</p>
5	Shared Services of Alaska / Accounting	Transfer Shared Services of Alaska Accounting Functions to Agencies and the Division of Finance	<b>Struct</b>	<p>As noted in Items 1 and 3, the Shared Services of Alaska appropriation is eliminated, and the Division's functions are redistributed. Shared Services was established in FY18 with the transfer of 80 PCNs from various agencies to centralize accounts payable, travel and expense activities.</p> <p>The Accounting allocation is planned to be divided and reassigned to individual agencies and the Division of Finance (DOF) within DOA. All 57 PFT positions currently supporting accounts payable, travel, and expense activities would be transferred to agencies as follows:</p> <p>Commerce - 2 PFTs      Corrections - 4 PFTs      Environmental Conservation - 1 PFT      Education - 3 PFTs      Family and Community Services - 3 PFTs      Fish and Game - 7 PFTs      Office of the Governor - 1 PFT      Health - 5 PFTs      Labor - 5 PFTs      Law - 3 PFTs      Natural Resources - 4 PFTs      Public Safety - 3 PFTs      Revenue - 1 PFT      Transportation - 15 PFTs</p>

**Department of Administration**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
5	Shared Services of Alaska / Accounting	Transfer Shared Services of Alaska Accounting Functions to Agencies and the Division of Finance	Struct	<p>(continued)</p> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p> <p>The final steps in eliminating Shared Services include deleting the Division Director position and transferring the remaining accounting functions--accounts receivable, collections, and debt recovery--to DOF. This transfer encompasses \$10.8 million (\$6.6 million GF/Program Receipts, \$4.1 million I/A Receipts) and 30 positions (24 PFT; 6 TMP).</p> <p><b>Items 1, 3 and 5 are related.</b></p>
6	Various	Information Technology Classification Study Implementation	<b>Total: \$2,093.2</b> \$148.2 Gen Fund (UGF) \$75.7 GF/Prgm (DGF) \$37.0 I/A Repts (Other) \$54.9 Group Ben (Other) \$1.0 FICA Acct (Other) \$79.3 PERS Trust (Other) \$28.8 Teach Ret (Other) \$0.3 Jud Retire (Other) \$1.6 Nat Guard (Other) \$1,666.4 Info Svc (Other) <b>Inc</b>	<p>DOA commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicates that most IT positions were reclassified upward by one to two salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>For DOA specifically, the budget request includes nine Increments across multiple appropriations and allocations totaling \$2.1 million, primarily funded through the Information Services Fund (\$1.7 million).</p>

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language  
Agencies: Agriculture**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	[5] - [4] AdjBase to Gov
<b>Agriculture</b>							
Agriculture	9,678.1	9,678.1	9,678.1	9,868.8	10,061.9	383.8	4.0 %
<b>Agency Total</b>	<b>9,678.1</b>	<b>9,678.1</b>	<b>9,678.1</b>	<b>9,868.8</b>	<b>10,061.9</b>	<b>383.8</b>	<b>4.0 %</b>
<b>Statewide Total</b>	<b>9,678.1</b>	<b>9,678.1</b>	<b>9,678.1</b>	<b>9,868.8</b>	<b>10,061.9</b>	<b>383.8</b>	<b>4.0 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	3,222.2	3,222.2	3,222.2	3,332.7	3,503.0	280.8	8.7 %
Designated General (DGF)	2,060.8	2,060.8	2,060.8	2,096.6	2,096.6	35.8	1.7 %
Other State Funds (Other)	358.6	358.6	358.6	389.0	405.2	46.6	13.0 %
Federal Receipts (Fed)	4,036.5	4,036.5	4,036.5	4,050.5	4,057.1	20.6	0.5 %

**Department of Agriculture**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
1	Agriculture / Commissioner's Office	Establish New Department of Agriculture and New Allocation for Commissioner's Office	Struct	<p>The Governor's budget creates a new Department of Agriculture totaling <b>\$10,061.9</b>, including <b>\$3,503.0 in Unrestricted General Funds (UGF)</b>. The FY2027 adjusted base for the division prior to transfer was <b>\$9,868.8</b>, meaning the total cost increase for creating the Department is <b>\$193.1</b>, however three positions were deleted elsewhere in the Department of Natural Resource's (DNR) budget to offset the cost of creating new positions, and no funding was included with the addition of a new Commissioner position.</p> <p>Two existing allocations are transferred from the Department of Natural Resources with no significant modification except for the deletion of one Natural Resource Technician 3 from the North Latitude Plant Material Center. Four positions are added and one Division Director is transferred in from Agricultural Development to create a new allocation for the Commissioner's Office. The new allocation consists of a Commissioner, a Division Director, an Administrative Operations Manager 1, an Accountant 4, and an Accounting Tech 2.</p> <p><b>Items 1, 2, 3, 4, and 5 are related.</b></p> <p><b>Fiscal Analyst Comment:</b> The Governor attempted to create an Alaska Department of Agriculture in FY26 via Executive Order 136 and a package of Governor's Amendments released February 19, which were denied by the legislature during session. In August 2025 before the start of a special session, the Governor re-proposed the Alaska Department of Agriculture with Executive Order 137. The legislature declined to take action on the item, claiming that it violated the requirement not to repeat executive orders that a current legislature has already denied, and that a special session is not appropriate to consider executive orders.</p> <p>On December 31, 2025, the Superior Court ruled the creation of the Department through Executive Order 137 as unconstitutional, however the Governor has announced an intent to appeal.</p>

**Department of Agriculture**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Agriculture / Commissioner's Office	Add Administrative Operations Manager, Accountant 4, and Accounting Technician 2 to Support the New Department	<b>Total: \$301.1</b> \$6.6 Fed Repts (Fed) \$170.3 Gen Fund (UGF) \$108.0 GF/Prgrm (DGF) \$9.9 I/A Repts (Other) \$6.3 CIP Repts (Other) <b>3 PFT Positions Inc</b>	<p>Three new positions and funding are added to fulfill administrative duties in the Department of Agriculture. These are new duties associated with the creation of a new Department.</p> <p><b>Items 1, 2, 3, 4, and 5 are related.</b></p> <p><b>Fiscal Analyst Comment:</b> It is possible that some of the spending authority in this request is hollow. The fund sources appear to match the fund sources of the three positions deleted to offset the cost of these three new administrative positions. Although most collectible fund source amounts are minor, it is not clear if the Department of Agriculture will have the ability to fully generate the <b>\$108.0 of General Fund Program Receipts</b> requested for these positions.</p>
3	Agriculture / Commissioner's Office	Add Commissioner for Department of Agriculture	<b>1 PFT Position PosAdj</b>	<p>A Commissioner position is added without funding or authority. The existing \$571.5 of funding in the allocation is associated with the positions transferred in and added.</p> <p><b>Items 1, 2, 3, 4, and 5 are related.</b></p>
4	Agriculture / Various	Transfer Division Director Position, Authority, and Funding from Various Allocations to the Commissioner's Office	<b>Net Zero Total: \$270.4</b> \$1.3 Fed Repts (Fed) \$14.3 Gen Fund (UGF) \$10.1 GF/Prgrm (DGF) \$14.6 Agric RLF (DGF) \$34.2 CIP Repts (Other) \$195.9 State Land (DGF) <b>1 PFT Position TrIn</b>	<p>The Division Director and \$244.7 of various fund sources is transferred from the Division of Agricultural Development to the new Commissioner's Office allocation. The position is currently filled.</p> <p>The remaining \$25.7 is transferred from the North Latitude Plant Material Center, composed of \$1.3 of Federal Receipt authority, \$14.3 of general funds, and \$10.1 of General Fund Program Receipts.</p> <p><b>Items 1, 2, 3, 4, and 5 are related.</b></p> <p><b>Fiscal Analyst Comment:</b> \$195.9 of authority transferred with the Division Director is State Land Disposal Income funds which may fall outside of the statutory designation of the Fund, as DNR owns the land that is sold and the statute only references the DNR Commissioner.</p> <p>The State Land Disposal Income Fund holds the sale proceeds from parcels of state land that DNR surveys and sells for private use. The Division of Agriculture has historically used receipts from the sale of agricultural land within the program. According to Alaska Statute 38.04.022, the fund may be used "with appropriation by the legislature for expenditure by the</p>

**Department of Agriculture**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Agriculture / Various	Transfer Division Director Position, Authority, and Funding from Various Allocations to the Commissioner's Office	<b>Net Zero</b> <b>Total: \$270.4</b>  \$1.3 Fed Rcpts (Fed) \$14.3 Gen Fund (UGF) \$10.1 GF/Prgm (DGF) \$14.6 Agric RLF (DGF) \$34.2 CIP Rcpts (Other) \$195.9 State Land (DGF) <b>1 PFT Position</b> <b>TrIn</b>	<p>(continued)</p> <p>Department of Natural Resources for necessary costs incurred by the commissioner in the implementation of state land disposal programs... or for any other public purpose."</p>
5	Agriculture / North Latitude Plant Material Center	Delete Natural Resource Technician 3 Position Located in Palmer	(\$108.0) GF/Prgm (DGF) <b>(1) PFT Position</b> <b>Dec</b>	<p>This vacant position is deleted to help offset the cost of new administrative staff in the Commissioner's Office. According to the position description, this position was previously responsible for technical work within the industrial hemp program.</p> <p><b>Items 1, 2, 3, 4, and 5 are related.</b></p>

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language  
Agencies: DCCED**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Commerce, Community &amp; Econ Dev</b>							
Executive Administration	11,223.5	11,223.5	11,223.5	11,581.2	12,207.2	983.7	8.8 %
Banking and Securities	5,437.8	5,437.8	5,437.8	5,610.5	5,610.5	172.7	3.2 %
Community and Regional Affairs	19,950.5	20,290.5	20,290.5	18,629.2	19,156.1	-1,134.4	-5.6 %
Revenue Sharing	22,728.2	22,728.2	22,728.2	22,728.2	22,728.2	0.0	0.0
Corp. Bus & Prof Licensing	22,187.6	22,187.6	22,187.6	22,856.1	23,389.7	1,202.1	5.4 %
Investments	6,222.6	6,222.6	6,222.6	6,417.1	6,417.1	194.5	3.1 %
Insurance Operations	10,036.3	11,036.3	11,036.3	9,315.5	10,315.5	-720.8	-6.5 %
AK Oil & Gas Conservation Comm	9,450.7	9,450.7	9,450.7	9,745.0	9,785.9	335.2	3.5 %
Alcohol and Marijuana Control	4,924.5	4,924.5	4,924.5	5,065.0	5,065.0	140.5	2.9 %
AK Gasline Development Corp	5,482.0	5,482.0	5,482.0	3,267.4	5,506.2	24.2	0.4 %
Alaska Energy Authority	70,506.1	70,506.1	70,506.1	67,010.1	68,863.3	-1,642.8	-2.3 %
AIDEA	12,419.6	12,419.6	12,419.6	12,776.6	12,776.6	357.0	2.9 %
Alaska Seafood Marketing Inst	26,488.1	31,488.1	31,488.1	26,626.2	26,626.2	-4,861.9	-15.4 %
Regulatory Commission of AK	10,925.6	10,925.6	10,925.6	11,215.1	11,244.8	319.2	2.9 %
Facility M&O	3,121.3	3,121.3	3,121.3	3,121.3	3,121.3	0.0	0.0
<b>Agency Total</b>	<b>241,104.4</b>	<b>247,444.4</b>	<b>247,444.4</b>	<b>235,964.5</b>	<b>242,813.6</b>	<b>-4,630.8</b>	<b>-1.9 %</b>
<b>Statewide Total</b>	<b>241,104.4</b>	<b>247,444.4</b>	<b>247,444.4</b>	<b>235,964.5</b>	<b>242,813.6</b>	<b>-4,630.8</b>	<b>-1.9 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	16,722.7	21,722.7	21,722.7	13,164.2	15,856.0	-5,866.7	-27.0 %
Designated General (DGF)	118,451.0	119,451.0	119,451.0	115,687.6	117,349.7	-2,101.3	-1.8 %
Other State Funds (Other)	63,367.0	63,707.0	63,707.0	64,438.9	66,934.1	3,227.1	5.1 %
Federal Receipts (Fed)	42,563.7	42,563.7	42,563.7	42,673.8	42,673.8	110.1	0.3 %
							0.0

## **Department of Commerce, Community and Economic Development**

### **FY27 - Summary of Significant Operating Budget Issues**

**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
1	Executive Administration / Commissioner's Office	Restore Associate Director for the International Trade Program Deleted in FY26 Due to Vacancy (Position Since Filled)	n/a	<p>During the 2025 legislative session, the legislature identified several long-term vacant positions across multiple agencies and chose to eliminate those positions and their associated funding.</p> <p>For the Department of Commerce, Community, and Economic Development (DCCED), this action removed a vacant Associate Director position for the International Trade Program from the Commissioner's Office allocation, along with \$182.9 in funding (\$27.4 Unrestricted General Funds - UGF; and \$155.5 in Inter-agency Receipts - I/A Receipts).</p> <p>In the FY26 Management Plan the agency reinstated the position, which has since been filled.</p>
2	Executive Administration / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b> <b>2 PFT Positions</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is proposed for deletion in the Governor's FY27 budget, with the Division's functions being redistributed.</p> <p>The Accounting allocation is planned to be divided and reassigned to individual agencies and the Division of Finance within DOA. All 57 permanent full-time (PFT) positions supporting Accounts Payable, and Travel and Expense activities would be transferred to agencies.</p> <p>Specifically for DCCED, two PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>- Accounting Technician 1, range 12, located in Anchorage;</li> <li>- Accounting Technician 3, range 16, located in Juneau.</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation; therefore, no funding will accompany the positions transfer.</p>
3	Executive Administration / Administrative Services	Interagency Receipts for Continued Helpdesk Operations and Budget Support	<b>\$400.0 I/A Rcts (Other)</b> <b>Inc</b>	<p>In the FY26 Management Plan, an Office Assistant position was transferred to the Administrative Services Division and reclassified as a Budget Analyst 1/2. The position is funded through I/A Receipts generated by the agency's cost allocation plan. Similarly, IT Helpdesk positions within the agency received additional I/A Receipt authority to cover salary adjustments. Together, these changes will cause a shortfall of I/A Receipt authority within the division.</p>

## Department of Commerce, Community and Economic Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Executive Administration / Administrative Services	Interagency Receipts for Continued Helpdesk Operations and Budget Support	\$400.0 I/A Rcts (Other) <b>Inc</b>	(continued) This Increment would align receipt authority with projected costs for FY27.
4	Various	Information Technology Classification Study Implementation	<b>Total: \$289.3</b> \$29.4 Gen Fund (UGF) \$4.0 GF/Prgm (DGF) \$196.6 I/A Rcts (Other) \$29.7 RCA Rcts (DGF) \$29.6 Rcpt Svcs (DGF) <b>Inc</b>	DOA commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.  Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in increments across all agencies, including \$1.9 million in Unrestricted General Funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicates that most IT positions were reclassified upward by one to two salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.  <b>Specifically for DCCED</b> , the request includes three increments totaling \$289.3 for 18 positions.  <b>Fiscal Analyst Comment:</b> The Governor's Office reports that exempt employees were not included in the Governor's budget scenario for the preliminary findings of the IT Classification Study. When the study is finalized, agencies with exempt IT employees may consider whether changes are needed for their own employees and determine any associated costs.  As of the FY26 Management Plan, DCCED appears to have seven relevant exempt employees within the Alaska Oil and Gas Conservation Commission and the Alaska Industrial Development and Export Authority that were excluded from the IT Classification Study.
5	Community and Regional Affairs / Community and Regional Affairs	Additional Staff Support for Federal Disaster Recovery Grants Management	\$533.1 CIP Rcts (Other) <b>2 PFT Positions</b> <b>Inc</b>	The Division of Community and Regional Affairs (DCRA) administers four Community Development Block Grant--Disaster Recovery (CDBG-DR) awards totaling \$95,313.0 from the U.S. Department of Housing and Urban Development, supporting recovery from the 2018 Cook Inlet Earthquake, 2022 Typhoon Merbok, and the 2023 and 2024 Lower Yukon and Juneau Floods.  To support administration, monitoring, and reporting

## Department of Commerce, Community and Economic Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Community and Regional Affairs / Community and Regional Affairs	Additional Staff Support for Federal Disaster Recovery Grants Management	\$533.1 CIP Rcts (Other) <b>2 PFT Positions Inc</b>	<p>(continued) requirements, two additional grants management positions are requested, funded through CIP Receipts from capital budget appropriations funded with the federal grants:</p> <ul style="list-style-type: none"> <li>- Program Manager, range 22, Anchorage</li> <li>- Grants Administrator 3, range 19, Anchorage or Fairbanks</li> </ul> <p>In addition, a full-time Licensing Examiner 2 position was transferred to the division and reclassified to a Grants Administrator 1/2 to support grants administration and reporting across all four CDBG-DR awards.</p>
6	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Align Business Licensing and Corporations Receipts with Projected Expenditures	\$250.0 GF/Prgm (DGF) <b>Inc</b>	<p>Business and corporation licensing receipts are collected as General Fund Program Receipts (GF/PR) and used to pay for operating costs related to those programs. Additional expenditure authority is requested to address general inflationary increases.</p> <p><b>Fiscal Analyst Comment:</b> Professional licensing fees are statutorily driven to align closely with the regulatory costs of each profession, while business and corporation licensing fees are broader and more uniform, supporting general administrative functions; as a result, during periods of inflation, expenditure authority rather than fee levels becomes the primary constraint.</p>
7	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Align Interagency Receipt Authority with Anticipated Reimbursable Services Agreements	\$250.0 I/A Rcts (Other) <b>Inc</b>	<p>Revenue associated with work performed for other agencies has increased, and the Division has relied on unbudgeted receipt authority to manage these agreements. This Increment aligns Interagency Receipt authority with the Reimbursable Services Agreements currently in place, reducing the administrative burden.</p> <p>The division collaborates with multiple agencies on professional licensing programs, including the Department of Labor and Workforce Development, the Department of Environmental Conservation, and the Department of Health.</p>

## **Department of Commerce, Community and Economic Development**

### **FY27 - Summary of Significant Operating Budget Issues**

**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
8	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Change Funding Source for Professional License Investigations from Licensing Receipts to Reduce Burden on Licensees	<b>Net Zero</b> (\$4,200.0) Rcpt Svcs (DGF) \$4,200.0 BLic&Corp (DGF) <b>FndChg</b>	<p>Investigations conducted by the Division primarily relate to professional licensing programs and address unlicensed activity and compliance with licensing requirements. Historically, investigation costs have been primarily funded through professional licensing receipts as fees are statutorily required under AS 08.01.065(c) to be cost based. Fees are to be set to cover the actual cost of regulating each profession (e.g., licensing, renewals, investigations, boards).</p> <p>For FY27, the Division requests those costs be funded with business and corporate licensing receipts (collected as GF/PR). This fund source change is intended to reflect the broader public purpose of enforcement activities, and distribute the costs across a wider receipt base, thereby reducing reliance on professional licensing receipts and moderate fee volatility. Its also intended to lesson the burden on "good actor" professional licensees.</p> <p><b>Fiscal Analyst Comment:</b> Fund Code 1175, Business License &amp; Corporation Filing Fees and Taxes, is currently designated as <b>inactive</b> by the Legislative Finance Division (LFD). During the process of "budget clarification" the code was deactivated in FY11 and replaced in the budget with Fund Code 1005, General Fund Program Receipts (GF/PR). Both fund codes are classified as Designated General Funds (DGF) and revenues collected over authorized expenditures lapse into the general fund.</p> <p>Regardless of the intent behind the fund source change, using Fund Code 1175 or Fund Code 1005 circumvents current budget practices by essentially using lapsing DGF revenue for an Unrestricted General Fund (UGF) purpose.</p>
9	Alaska Oil and Gas Conservation Commission / Alaska Oil and Gas Conservation Commission	Correct Negative General Fund Appropriation Caused from FY26 Budget Reductions	\$40.9 Gen Fund (UGF) <b>Inc</b>	<p>During the 2025 legislative session, long-term vacant positions and associated funding were removed across multiple agencies.</p> <p>Within DCCED, a vacant Administrative Assistant 2 position was removed from the Alaska Oil and Gas Conservation Commission allocation along with \$91.6 in UGF. This action inadvertently resulted in a negative UGF balance of \$40.9 for FY26, which this Increment would correct.</p>

**Department of Commerce, Community and Economic Development**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
10	Alaska Gasline Development Corporation / Alaska Gasline Development Corporation	Restore Alaska Gasline Development Corporation Annual Operating Costs	\$2,238.8 Gen Fund (UGF) <b>IncOTI</b>	<p>For FY27, a one-time level budget is proposed again for the Alaska Gasline Development Corporation (AGDC). AGDC's role changed in FY26 following the transition of the Alaska LNG Project to Glenfarne; under definitive agreements AGDC shifted from full ownership to a 25% minority ownership interest.</p> <p>All FY27 funding is requested in the operating budget, with no capital budget request, and the Alaska LNG Fund is expected to be fully expended by the end of FY26. Operating costs include project management, accounting, information technology, regulatory, legal, and policy support.</p> <p>As a minority owner, AGDC retains the option for the State of Alaska to invest in the project and will coordinate with the legislature and relevant agencies, as required by statute, on potential State and public investment considerations.</p>
11	Alaska Energy Authority / Railbelt Transmission Organization	Funding for Contractual Legal and Technical Costs Until RCA Approved Rate to Utilities Can Be Established	\$1,306.2 Rail Enrgy (UGF) <b>IncOTI</b>	<p>The Governor's FY27 budget creates a new allocation for the Railbelt Transmission Organization (RTO), established during the 2024 legislative session under HB 307 (Chapter 24). The RTO is tasked with developing and administering a fair, open-access transmission tariff for the Railbelt backbone transmission system. This tariff will replace existing unit-by-unit wholesale charges with a more equitable method for allocating transmission operating costs among Railbelt utilities.</p> <p>The RTO initially received \$923.5 UGF through a fiscal note appropriation within the Alaska Energy Authority's (AEA) Rural Energy Assistance allocation. The FY27 request proposes moving this funding into the new RTO allocation and, consistent with the fiscal note, replacing UGF with AEA Receipts backed by a rate-based recovery mechanism. Those receipts, however, are not yet available because a transmission tariff has not been implemented.</p> <p>Until an approved tariff is in place, which could occur in FY27, the proposed budget includes a \$1.3 million IncOTI as bridge funding to support RTO operations. This effectively continues last year's \$923.5 level of support, with an additional \$382.7 to cover increased contractual needs.</p> <p><b>Fiscal Analyst Comment:</b> Fund Code 1012, the</p>

**Department of Commerce, Community and Economic Development**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Alaska Energy Authority / Railbelt Transmission Organization	Funding for Contractual Legal and Technical Costs Until RCA Approved Rate to Utilities Can Be Established	\$1,306.2 Rail Enrgy (UGF) IncOTI	<p>(continued)</p> <p>Railbelt Energy Fund (REF), is currently designated as inactive by LFD because the full balance was appropriated during the FY12 budget cycle. However, funding from prior appropriations of this fund source was reappropriated in the FY24 supplemental budget.</p> <p><b>LFD also discussed the fund in its Inactive Funds Report</b>, which states:</p> <p>"The fund has no current balance, but it does have a potential source of future revenue and should be maintained. The Alaska Energy Authority's contract for the Bradley Lake Hydroelectric Project requires utilities to make payments into the fund once project debt is retired. This was originally expected in FY22; however, a new bond issued that year redirected this revenue stream. When that bond is retired, payments could resume. The fund should therefore be retained for as long as the Bradley Lake contracts remain in effect, which is anticipated to be at least through 2050."</p> <p>At this time, the specific source of the fund's current available balance is unclear. The fund is subject to the CBR sweep, and \$401.4 was swept in FY25.</p>
12	Alaska Energy Authority / Alaska Energy Authority Rural Energy Assistance	Continued Data Library Support and Development	\$192.0 CIP Rpts (Other) Inc	The Alaska Energy Authority (AEA) is continuing the digitization of its online document library, which provides public access to agency information, project and program materials, and research related to AEA-funded projects. In the prior two fiscal years, the project was funded using AEA receipts and Unrestricted General Funds previously appropriated to the Emerging Energy Technology Fund. Earlier phases were supported by Federal Receipts, which are again proposed for use through the federal Statewide Energy Program. Capital Improvement Project receipts associated with these federal projects will support the ongoing operating costs of the library.
13	Alaska Energy Authority / Alaska Energy Authority Power Cost Equalization	Power Cost Equalization Administrative Costs Moved from Language to Numbers	Net Zero	Administrative costs for the Power Cost Equalization program are currently funded through both numbers and language section appropriations. This Increment would shift all administrative costs to the numbers section, allowing the language section to reflect only amounts distributed from the fund for direct program costs.

**Department of Commerce, Community and Economic Development**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
14	Alaska Industrial Development and Export Authority / Alaska Industrial Development and Export Authority	Realign Funding Sources for Personal Services to Reflect the Movement of Alaska Energy Authority (AEA) Positions to AEA	<b>Net Zero</b> (\$205.8) I/A Rcpts (Other) (\$413.9) CIP Rcpts (Other) \$619.7 AIDEA Rcpt (Other) <b>FndChg</b>	AEA staff positions were budgeted within AIDEA through fiscal year 2024 but were transferred to AEA following passage of HB 307 (Ch. 24, SLA 2024) which established a separate board of directors and exempt positions within AEA. The positions were removed from AIDEA's budget, and this fund source change realigns AIDEA's personal services funding with projected expenditures.

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language**  
**Agencies: Corr**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Corrections</b>							
Facility Ops and Maintenance	28,536.0	28,536.0	28,536.0	28,568.2	28,568.2	32.2	0.1 %
Administration and Support	13,482.6	13,482.6	13,482.6	13,919.0	14,039.5	556.9	4.1 %
Population Management	319,892.3	319,892.3	319,892.3	326,631.6	326,631.6	6,739.3	2.1 %
Community Residential Centers	25,000.6	25,000.6	25,000.6	25,000.6	26,788.7	1,788.1	7.2 %
Electronic Monitoring	3,067.1	3,067.1	3,067.1	3,156.1	3,156.1	89.0	2.9 %
Health and Rehab Services	96,557.6	96,557.6	96,557.6	97,857.9	97,717.9	1,160.3	1.2 %
Offender Habilitation	1,646.9	1,646.9	1,646.9	1,663.8	1,663.8	16.9	1.0 %
Recidivism Reduction Grants	1,766.7	1,766.7	1,766.7	1,770.2	1,770.2	3.5	0.2 %
<b>Agency Total</b>	<b>489,949.8</b>	<b>489,949.8</b>	<b>489,949.8</b>	<b>498,567.4</b>	<b>500,336.0</b>	<b>10,386.2</b>	<b>2.1 %</b>
<b>Statewide Total</b>	<b>489,949.8</b>	<b>489,949.8</b>	<b>489,949.8</b>	<b>498,567.4</b>	<b>500,336.0</b>	<b>10,386.2</b>	<b>2.1 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	437,401.5	437,401.5	437,401.5	445,885.5	452,489.7	15,088.2	3.4 %
Designated General (DGF)	14,110.0	14,110.0	14,110.0	14,170.2	14,170.2	60.2	0.4 %
Other State Funds (Other)	29,247.1	29,247.1	29,247.1	29,128.8	24,293.2	-4,953.9	-16.9 %
Federal Receipts (Fed)	9,191.2	9,191.2	9,191.2	9,382.9	9,382.9	191.7	2.1 %

**Department of Corrections**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration and Support / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>4 PFT Positions</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 PFT positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p>Specifically for the Department of Corrections (DOC), four PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Accounting Technician 2, range 14, located in Juneau</li> <li>-Accounting Technician 3, range 16, located in Anchorage</li> <li>-Accounting Technician 2, range 14, located in Juneau</li> <li>-Accountant 4, range 20, located in Juneau</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
2	Administration and Support / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>8 PFT Positions</b> <b>ATrIn</b>	<p>After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within the Department of Administration (DOA).</p> <p>Under the Governor's FY27 budget proposal, 40 PFT positions will be transferred to seven different agencies (see DOA for list of all agencies).</p> <p>Specifically for DOC, eight PFT positions will be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Human Resource Technician 2, range 14, located in Juneau</li> <li>-Office Assistant 2, range 10, located in Juneau</li> <li>-Human Resource Technician 2, range 14, located in Juneau</li> <li>-Human Resource Technician 2, range 14, located in Juneau</li> <li>-Payroll Services Supervisor, range 17, located in Juneau</li> <li>-Payroll Services Assistant Manager, range 20, located in Juneau</li> </ul>

**Department of Corrections**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Administration and Support / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>8 PFT Positions</b> <b>ATrIn</b>	<p>(continued)</p> <p>-Human Resource Technician 2, range 14, located in Juneau</p> <p>-Human Resource Technician 1, range 12, located in Juneau</p> <p>At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.</p> <p><b>Fiscal Analyst Comment:</b> DOC's payroll is particularly complex due to multiple compounding provisions in their Collective Bargaining Agreements and Letters of Agreement.</p>
3	Administration and Support / Information Technology MIS	Information Technology Classification Study Implementation	\$120.5 Gen Fund (UGF) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for DOC, the request includes increased funding for six positions located in Anchorage.</p>
4	Community Residential Centers / Community Residential Centers	Add Funding for Community Residential Center Contractual Costs	\$1,788.1 Gen Fund (UGF) <b>Inc</b>	<p>DOC estimates FY26 Community Residential Center (CRC) contractual costs will be \$26,356.5. The CRC contracts have built in inflation adjustments of 2-3% for FY27. Applying the FY27 inflation adjustments to FY26 estimated costs leads to an estimated FY27 total cost of \$26,921.9. The Governor's Increment would only increase total funding to \$26,788.7, leaving a projected shortfall of \$133.2.</p> <p>This Increment does not account for any potential</p>

**Department of Corrections**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Community Residential Centers / Community Residential Centers	Add Funding for Community Residential Center Contractual Costs	\$1,788.1 Gen Fund (UGF) <b>Inc</b>	<p>(continued)          contractual increases for Northstar Center, as the FY27 contract is currently under negotiation.</p> <p><b>Fiscal Analyst Comment:</b> In FY26, the Governor requested a \$4,878.8 base Increment (\$4,128.8 UGF, \$750.0 GF/PR). A portion of the Increment was offsetting a \$1,665.6 Recidivism Reduction Fund Decrement in CRCs. The legislature accepted the General Fund Program Receipt authority but reduced the UGF Increment by \$1,500.0.</p> <p>As DOC's current estimate of FY26 contractual costs exceeds appropriated funding by \$1.4 million, a supplemental request for this purpose is likely.</p>
5	Health and Rehabilitation Services / Physical Health Care	Replace Funding Source to Align with Statutory Distribution of Restorative Justice Account Funds	Net Zero  \$4,695.6 Gen Fund (UGF) (\$4,695.6) Rest Just (Other) <b>FndChg</b>	<p>The amount of Restorative Justice Account funding (AS 43.23.048) available for appropriation each year is calculated to represent the sum of Permanent Fund Dividends forfeited by Alaskans sentenced or incarcerated for felonies and certain misdemeanors in the qualifying calendar year. The appropriation reduces the amount of the Permanent Fund Dividend distribution to eligible Alaskans.</p> <p>In FY26, the amount available for appropriation was based on 8,238 ineligible Alaskans and a \$1,702 dividend for the qualifying 2023 calendar year (paid in 2024), and in FY27 the amount in the Governor's request is based on 8,379 ineligible Alaskans and a \$1,000 dividend for the qualifying 2024 calendar year (paid in 2025).</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p>12% - Crime Victims Comp. Fund (10-13%)          3% - Legislature - Office of Victims' Rights (2-6%)          3% - Public Safety - Nonprofit Services for Crime Victims (1-3%)          3% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)  <b>79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</b></p> <p>In DOC, the funding is used to substitute for general funds, so the decrease is offset by UGF.</p>

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language**  
**Agencies: Educ**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Education &amp; Early Dev</b>							
K-12 Aid to School Districts	1,390,295.5	1,390,295.5	1,390,295.5	1,365,535.7	1,365,535.7	-24,759.8	-1.8 %
K-12 Support	13,717.5	13,717.5	13,717.5	13,717.5	14,488.6	771.1	5.6 %
Education Support and Admin	318,112.0	317,068.0	317,068.0	318,036.1	316,657.9	-410.1	-0.1 %
AK State Council on the Arts	4,282.0	4,282.0	4,282.0	4,313.4	4,319.3	37.3	0.9 %
Commissions and Boards	293.3	293.3	293.3	301.4	301.4	8.1	2.8 %
Mt. Edgecumbe High School	16,190.6	16,685.2	16,685.2	16,870.9	16,891.3	206.1	1.2 %
Facility Maintenance and Ops	718.2	718.2	718.2	718.2	718.2	0.0	0.0 %
Libraries, Archives & Museums	12,490.4	12,490.4	12,490.4	12,786.5	12,420.3	-70.1	-0.6 %
Alaska Postsecondary Education	16,937.9	16,937.9	16,937.9	17,239.3	17,239.3	301.4	1.8 %
AK Student Loan Corporation	10,858.4	10,858.4	10,858.4	11,158.5	11,158.5	300.1	2.8 %
Student Financial Aid Programs	25,521.0	25,521.0	25,521.0	25,521.0	30,461.7	4,940.7	19.4 %
<b>Agency Total</b>	<b>1,809,416.8</b>	<b>1,808,867.4</b>	<b>1,808,867.4</b>	<b>1,786,198.5</b>	<b>1,790,192.2</b>	<b>-18,675.2</b>	<b>-1.0 %</b>
<b>Statewide Total</b>	<b>1,809,416.8</b>	<b>1,808,867.4</b>	<b>1,808,867.4</b>	<b>1,786,198.5</b>	<b>1,790,192.2</b>	<b>-18,675.2</b>	<b>-1.0 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	1,433,406.7	1,432,362.7	1,432,362.7	1,406,059.4	1,406,938.0	-25,424.7	-1.8 %
Designated General (DGF)	34,460.3	34,460.3	34,460.3	34,677.4	39,518.1	5,057.8	14.7 %
Other State Funds (Other)	74,489.7	74,984.3	74,984.3	78,123.8	76,381.8	1,397.5	1.9 %
Federal Receipts (Fed)	267,060.1	267,060.1	267,060.1	267,337.9	267,354.3	294.2	0.1 %
							16.4

## Department of Education and Early Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	K-12 Aid to School Districts / Foundation Program	FY2027 Estimated Foundation Program Expenditures from Public Education Fund	<b>Total:</b> <b>\$1,271,451.5</b> \$1,233,953.1 Gen Fund (UGF) \$37,498.4 Pub School (Other) <b>MisAdj</b>	<p>The Governor's FY27 budget proposal funds the statutory Base Student Allocation (BSA) of \$6,660. The FY27 estimates in the Governor's proposal are based on draft counts and will change when the student counts are finalized. The student count period consists of the twenty school days ending the fourth Friday in October. The FY27 student counts are scheduled to be finalized by mid-March, 2027. 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.</p> <p>FY27 BSA state aid is projected to be \$23.0 million lower than FY26, due to the following factors:</p> <ol style="list-style-type: none"> <li>1) Basic Need decreasing by \$9.8 million, primarily due to a lower projected non-correspondence student count.</li> <li>2) Minimum required local effort increasing by \$23.6 million, which reduces the State's share of costs.</li> <li>3) Deductible federal Impact Aid decreasing by \$8.0 million, which increases the State's share of costs.</li> <li>4) Early education funding under Ch. 40, SLA 2022 increasing by \$3.0 million.</li> <li>5) Other adjustments leading to a net \$0.6 decrease.</li> </ol> <p>The Alaska Reads Act (Ch. 40, SLA 2022) allows approved early education programs to receive one-half of the Average Daily Membership (ADM) funding for enrolled students. The FY27 estimated appropriation includes \$8,053.4 UGF to fund this provision.</p> <p><b>Fiscal Analyst Comment:</b> Ch. 5, SLA 2025 increased the Base Student Allocation (BSA) from \$5,960 to \$6,660, beginning in FY26. The Governor vetoed Ch 5. SLA 2025 and a portion of the statutory foundation funding increase resulting from the bill, but the legislature overrode both vetoes.</p> <p>On May 16, 2025, the U.S. Department of Education (ED) informed DEED that it failed the FY24 disparity test, making Alaska unable to deduct eligible federal Impact Aid when determining FY26 State aid entitlements. DEED has filed an appeal challenging the decision. If the State is unable to deduct eligible impact aid, the State is required to distribute an estimated additional \$78.9 million to impacted</p>

## Department of Education and Early Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	K-12 Aid to School Districts / Foundation Program	FY2027 Estimated Foundation Program Expenditures from Public Education Fund	<b>Total:</b> <b>\$1,271,451.5</b> \$1,233,953.1 Gen Fund (UGF) \$37,498.4 Pub School (Other) <b>MisAdj</b>	(continued) districts. The Foundation Program appropriation is open-ended and would automatically increase to fund this increased liability. DEED will submit the FY25 disparity test in March 2026, which will determine whether Alaska is required to distribute an additional \$70.8 million to impacted districts in FY27.
2	K-12 Aid to School Districts / Pupil Transportation	FY2027 Pupil Transportation Expenditures from Public Education Fund	\$72,826.1 Gen Fund (UGF) <b>MisAdj</b>	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 ADM counts.  The FY27 estimates in the Governor's budget request are based on draft counts and will change when the student counts are finalized. The student count period consists of the twenty school days ending the fourth Friday in October. The FY27 student counts are scheduled to be finalized by mid-March, 2027. Correspondence students are not counted when calculating student numbers for Pupil Transportation grants. FY27 statutory funding is estimated to be \$1.8 million lower than FY26, due to a reduced student count.  <b>Fiscal Analyst Comment:</b> Ch. 5, SLA 2025 increased districts' statutory Pupil Transportation per-student amounts by 10%, beginning in FY26.
3	K-12 Support / Residential Schools Program	Add Statutory Funding for New Lake and Peninsula School District Residential Program	\$771.2 Gen Fund (UGF) <b>Inc</b>	The Lake and Peninsula School District is the fiscal agent for the consortium of districts (Lake and Peninsula School District, Bristol Bay Borough School District, Southwest Region School District, and Dillingham City School District) that operate Bristol Bay Regional Career and Technical Education (BBRCTE) as a variable term residential program. BBRCTE currently operates locations in Dillingham, Naknek, and Pilot Point. The BBRCTE has been in operation in its current iteration since 2018, when Dillingham City School District joined the consortium.  This Increment would finalize approval of BBRCTE for reimbursement under the Residential Schools Program, since approval is contingent on legislative appropriation. Residential program grant funds are based on bed occupancy by eligible students during a

## Department of Education and Early Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	K-12 Support / Residential Schools Program	Add Statutory Funding for New Lake and Peninsula School District Residential Program	\$771.2 Gen Fund (UGF) <b>Inc</b>	(continued) single day during the October count; the approved 54 bed count is the maximum that will be awarded.
4	Education Support and Admin Services / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>3 PFT Positions</b> <b>ATrIn</b>	The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.  The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 PFT positions supporting accounts payable, travel, and expense activities would be transferred to agencies.  Specifically for DEED, three PFT positions would be transferred as follows: Analyst/Programmer 5, range 22, located in Juneau Accounting Technician 1, range 12, located in Anchorage Accounting Technician 2, range 14, located in Juneau  Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.
5	Various	Information Technology Classification Study Implementation	<b>Total: \$156.1</b>  \$3.5 Fed Rcpts (Fed) \$107.5 Gen Fund (UGF) \$45.1 I/A Rcpts (Other) <b>Inc</b>	The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.  Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.  Specifically for DEED, the request includes increased funding for nine positions located in Juneau and Anchorage.

## Department of Education and Early Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Various	Information Technology Classification Study Implementation	<b>Total: \$156.1</b> \$3.5 Fed Repts (Fed) \$107.5 Gen Fund (UGF) \$45.1 I/A Repts (Other) <b>Inc</b>	<p>(continued)</p> <p><b>Fiscal Analyst Comment:</b> The Governor's Office reports that exempt employees were not included in the Governor's budget scenario for the preliminary findings of the IT Classification Study. When the study is finalized, agencies with exempt IT employees may consider whether changes are needed for their own employees and determine any associated costs.</p> <p>As of FY26 Management Plan, the Alaska Commission on Postsecondary Education (ACPE) appears to have exempt five employees whose positions are relevant to the IT Classification Study.</p>
6	Student Financial Aid Programs / Alaska Performance Scholarship Awards	Add Funding for Projected AK Performance Scholarship Disbursement Increases Beyond Ch4 SLA2024 Fiscal Note Funding	\$3,293.8 High Ed (DGF) <b>Inc</b>	<p>Ch. 4, SLA 2024 increased eligibility and award amounts for Alaska Performance Scholarship (APS), and the FY25 Enacted budget included \$2,264.0 in fiscal note funding for projected costs. The FY26 Enacted budget included a further \$3,000.0 base Increment, even though the fiscal note estimated only a \$140.2 increase from FY25.</p> <p>The \$3,293.8 FY27 base Increment would bring Ch. 4, SLA 2024 funding to \$8,557.8, which is \$6,012.1 higher than the fiscal note's FY27 estimated cost.</p> <p><b>Fiscal Analyst Comment:</b> The Governor's proposed FY27 Higher Education Investment Fund (HEIF) draws may be unsustainable, as draws exceed the HEIF's projected investment return.</p>
7	Student Financial Aid Programs / Alaska Education Grants	Add Funding for Alaska Education Grants to Align with Alaska Performance Scholarship Funding Increase	\$1,646.9 High Ed (DGF) <b>Inc</b>	<p>According to AS 37.14.750(c), Alaska Education Grants (AEG) funding should be 50% of APS funding. This item increases AEG funding by 50% of the APS Increment, to match the proportional funding guideline in statute.</p> <p><b>Fiscal Analyst Comment:</b> The Governor's proposed FY27 HEIF draws may be unsustainable, as draws exceed the HEIF's projected investment return.</p>

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**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

Numbers and Language	
Agencies: DEC	

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPln	[4] AdjBase	[5] Gov	[5] 26MgtPln to	[5] - [3] Gov	AdjBase to	[5] - [4] Gov
<b>Environmental Conservation</b>									
Administration									
Office of the Commissioner	1,369.2	1,369.2	1,369.2	1,307.7	1,307.7	-61.5	-4.5 %	0.0	
Administrative Services	7,571.8	7,571.8	7,571.8	7,983.1	8,090.5	518.7	6.9 %	107.4	1.3 %
State Support Services	2,236.3	2,236.3	2,236.3	2,236.3	2,236.3	0.0		0.0	
Facilities Rent Non-State Owned	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	0.0		0.0	
<b>Appropriation Total</b>	<b>14,177.3</b>	<b>14,177.3</b>	<b>14,177.3</b>	<b>14,527.1</b>	<b>14,634.5</b>	<b>457.2</b>	<b>3.2 %</b>	<b>107.4</b>	<b>0.7 %</b>
<b>Environmental Health</b>									
Environmental Health	30,807.8	30,807.8	30,807.8	31,725.6	31,857.3	1,049.5	3.4 %	131.7	0.4 %
Facilities O&M State Owned	883.8	883.8	883.8	892.6	892.6	8.8	1.0 %	0.0	
<b>Appropriation Total</b>	<b>31,691.6</b>	<b>31,691.6</b>	<b>31,691.6</b>	<b>32,618.2</b>	<b>32,749.9</b>	<b>1,058.3</b>	<b>3.3 %</b>	<b>131.7</b>	<b>0.4 %</b>
<b>Air Quality</b>									
Air Quality	16,705.2	15,705.2	15,705.2	16,179.7	16,179.7	474.5	3.0 %	0.0	
<b>Appropriation Total</b>	<b>16,705.2</b>	<b>15,705.2</b>	<b>15,705.2</b>	<b>16,179.7</b>	<b>16,179.7</b>	<b>474.5</b>	<b>3.0 %</b>	<b>0.0</b>	
<b>Spill Prevention and Response</b>									
Spill Prevention and Response	25,123.7	27,623.7	27,623.7	25,933.0	26,013.2	-1,610.5	-5.8 %	80.2	0.3 %
SPAR Facilities Rent State Owned	30.0	30.0	30.0	30.0	30.0	0.0		0.0	
<b>Appropriation Total</b>	<b>25,153.7</b>	<b>27,653.7</b>	<b>27,653.7</b>	<b>25,963.0</b>	<b>26,043.2</b>	<b>-1,610.5</b>	<b>-5.8 %</b>	<b>80.2</b>	<b>0.3 %</b>
<b>Water</b>									
Water Quality Infrastructure	31,627.3	31,627.3	31,627.3	32,484.8	32,560.7	933.4	3.0 %	75.9	0.2 %
<b>Appropriation Total</b>	<b>31,627.3</b>	<b>31,627.3</b>	<b>31,627.3</b>	<b>32,484.8</b>	<b>32,560.7</b>	<b>933.4</b>	<b>3.0 %</b>	<b>75.9</b>	<b>0.2 %</b>
<b>Agency Total</b>	<b>119,355.1</b>	<b>120,855.1</b>	<b>120,855.1</b>	<b>121,772.8</b>	<b>122,168.0</b>	<b>1,312.9</b>	<b>1.1 %</b>	<b>395.2</b>	<b>0.3 %</b>
<b>Statewide Total</b>	<b>119,355.1</b>	<b>120,855.1</b>	<b>120,855.1</b>	<b>121,772.8</b>	<b>122,168.0</b>	<b>1,312.9</b>	<b>1.1 %</b>	<b>395.2</b>	<b>0.3 %</b>
<b>Funding Summary</b>									
Unrestricted General (UGF)	23,973.4	26,473.4	26,473.4	24,736.3	24,849.7	-1,623.7	-6.1 %	113.4	0.5 %
Designated General (DGF)	24,888.5	24,888.5	24,888.5	25,786.7	25,537.5	649.0	2.6 %	-249.2	-1.0 %
Other State Funds (Other)	25,511.7	25,511.7	25,511.7	26,286.3	26,704.7	1,193.0	4.7 %	418.4	1.6 %
Federal Receipts (Fed)	44,981.5	43,981.5	43,981.5	44,963.5	45,076.1	1,094.6	2.5 %	112.6	0.3 %

## Department of Environmental Conservation

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration / Administrative Services	Transfer Position from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>1 PFT Position</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 Permanent Full-Time (PFT) positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p>Specifically for the Department of Environmental Conservation, one PFT Accounting Technician 3 position, located in Anchorage, will be transferred back to the Department.</p> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
2	Administration / Various	Information Technology Classification Study Implementation	<b>Total: \$395.2</b> \$165.0 Fed Rcpts (Fed) \$18.8 GF/Match (UGF) \$94.6 Gen Fund (UGF) \$73.3 Oil/Haz Fd (DGF) \$8.8 CIP Rcpts (Other) \$15.4 Clean Air (Other) \$3.6 Vessel Com (Other) \$6.3 Ocn Ranger (Other) \$4.7 CleanAdmin (Other) \$4.7 DrinkAdmin (Other) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Environmental Conservation, the request includes five Increments that apply to 17 positions located in Juneau, Anchorage, and Fairbanks.</p>

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language**  
**Agencies: DFCS**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Family and Community Services</b>							
Alaska Pioneer Homes	117,198.2	117,198.2	117,198.2	118,454.1	117,975.1	776.9	0.7 %
Alaska Psychiatric Institute	67,720.8	67,720.8	67,720.8	69,467.6	66,963.6	-757.2	-1.1 %
Children's Services	212,288.8	212,288.8	212,288.8	215,497.6	211,123.8	-1,165.0	-0.5 %
Juvenile Justice	70,954.6	70,954.6	70,954.6	73,329.2	72,840.9	1,886.3	2.7 %
Departmental Support Services	42,117.3	42,117.3	42,117.3	42,197.1	42,285.5	168.2	0.4 %
<b>Agency Total</b>	<b>510,279.7</b>	<b>510,279.7</b>	<b>510,279.7</b>	<b>518,945.6</b>	<b>511,188.9</b>	<b>909.2</b>	<b>0.2 %</b>
<b>Statewide Total</b>	<b>510,279.7</b>	<b>510,279.7</b>	<b>510,279.7</b>	<b>518,945.6</b>	<b>511,188.9</b>	<b>909.2</b>	<b>0.2 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	277,419.8	277,419.8	277,419.8	283,147.7	283,707.8	6,288.0	2.3 %
Designated General (DGF)	32,302.6	32,302.6	32,302.6	33,401.8	31,761.8	-540.8	-1.7 %
Other State Funds (Other)	112,331.8	112,331.8	112,331.8	112,891.4	109,282.5	-3,049.3	-2.7 %
Federal Receipts (Fed)	88,225.5	88,225.5	88,225.5	89,504.7	86,436.8	-1,788.7	-2.0 %

**Department of Family and Community Services**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Various	Reduce Uncollectible Receipt Authority Across the Department to Align with Projected Need	<b>Total: (\$8,785.0)</b> (\$3,084.0) Fed Rcpts (Fed) (\$1,640.0) GF/ Prgm (DGF) (\$2,489.0) I/A Rcpts (Other) (\$1,572.0) Stat Desig (Other) <b>Dec</b>	<p>The Department seeks to remove uncollectible receipt authority from several fund sources in multiple appropriations. The Department has stated that there are no reductions to services, grants, or benefits as a result of these Decrements and there is sufficient remaining authority available in the affected allocations even if collections are slightly higher than current projections. Approximately half of the uncollectible receipts were in the Grants/Benefits line, about a quarter were in the Services line, and the rest spread through the other line items. The Department has not reported any position deletions associated with these reductions.</p> <p>The following appropriations and allocations have Decrements:</p> <p><b>Alaska Pioneer Homes, Pioneer Homes: (\$479.0)</b>          Federal Receipt authority (Fed)</p> <p><b>Alaska Psychiatric Institute, Alaska Psychiatric Institute: (\$2,504.0)</b> [(\$932.0) Interagency Receipts (I/A), (\$1,572.0) Statutory Designated Program Receipts]</p> <p><b>Children's Services, Children's Services Management: (\$218.0)</b> Fed</p> <p><b>Children's Services, Front Line Social Workers: (\$226.0)</b> Fed</p> <p><b>Children's Services, Family Preservation: (\$843.0)</b> [(\$286.0) Fed, (\$557.0) I/A]</p> <p><b>Children's Services, Foster Care Base Rate: (\$1,640.0)</b> General Fund/Program Receipts</p> <p><b>Children's Services, Foster Care Special Need: (\$1,000.0)</b> I/A</p> <p><b>Children's Services, Subsidized Adoption &amp; Guardianship: (\$488.0)</b> Fed</p> <p><b>Juvenile Justice, Delinquency Prevention: (\$549.0)</b> Fed</p> <p><b>Department Support Services, Facility Rent, Operations, and Maintenance: (\$838.0)</b> Fed</p>

**Department of Family and Community Services**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Various	Information Technology Classification Study Implementation	<b>Total: \$554.0</b> \$16.1 Fed Repts (Fed) \$24.8 GF/Match (UGF) \$61.0 Gen Fund (UGF) \$452.1 I/A Repts (Other) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Family and Community Services, the request includes <b>five Increments totaling \$554.0</b> currently impacting 30 positions in the Department. A number of the positions in the Department that are part of the study are in the process of reclassification so the final number of impacted positions may change.</p>
3	Departmental Support Services / Coordinated Health and Complex Care	Transfer from the Department of Health for the Residential Care for Children and Youth Grant Program	<b>Net Zero</b> \$474.3 GF/MH (UGF) <b>ATrIn</b>	<p>The Department of Health, Division of Behavioral Health, Residential Child Care will transfer a portion of grant funding for the Residential Care for Children and Youth grant program to the Department of Family and Community Services, Departmental Support Services, Coordinated Health &amp; Complex Care. An internal analysis of the program determined the work done by these grantees, which focuses on providing emergency shelter suitable for children and youth, aligns more closely with the mission of Coordinated Care and Complex Health to establish safe placement options for complex individuals. The Department of Family and Community Services states that it has the infrastructure and capacity to assume oversight of these specific program grantees.</p>
4	Departmental Support Services / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b> <b>3 PFT Positions</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance</p>

## Department of Family and Community Services

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Departmental Support Services / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>3 PFT Positions</b> <b>ATrIn</b>	<p>(continued) within the Department of Administration. All 57 permanent full-time (PFT) positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p>Specifically for the Department of Family and Community Services, three PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>- Accounting Technician 2, range 14, located in Anchorage;</li> <li>- Accounting Technician 1, range 12, located in Anchorage;</li> <li>- Accounting Clerk, range 10, located in Anchorage.</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
5	Various	FY27 Cross-Appropriation Transfer Authority	<b>Net Zero</b>  <b>Wordage</b>	<p>The Governor's FY27 budget seeks to maintain language authorizing the Department transfer funds across appropriations, up to a sum of \$7,500.0. The Governor's budget requests this authority in both the operating and mental health bills which would bring the total transfer authority to \$15,000.0 if approved by the legislature. The legislature authorized up to \$7,500.0 in the FY26 budget under similar language in the operating bill only.</p> <p>Beginning in FY25, the legislature required that a summary report of the cross-appropriations be transmitted after the reconciliation period for each fiscal year, which was the first time since FY23 that the Department of Family and Community Services was required to submit this information. FY25 saw significant transfers of Unrestricted General Funds (UGF) and a smaller transfer of Statutory Designated Program Receipt authority. The Department utilized \$5,269.5 of the \$7,500.0 transfer authorization that it was granted in FY25.</p> <p>When the Department of Health and Social Services was severed at the end of FY22 and became two new departments beginning in FY23 - the Department of Health and the Department of Family and Community Services - the legislature granted cross-appropriation authority in each of the two departments in order to allow for flexible management as the transition progressed. In the Department of Health, an exception</p>

**Department of Family and Community Services**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Various	FY27 Cross-Appropriation Transfer Authority	Net Zero Wordage	(continued) that no funding may be transferred out of the Medicaid appropriation was also included and has remained in place, consistent with how this cross-appropriation authority had been granted previously.  <b>Fiscal Analyst Comment:</b> Cross-appropriation transfer authority allows the agency to move money between purposes without specific legislative approval. While this gives the agency added flexibility, its routine use risks diluting the legislature's power of appropriation.

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**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: F&amp;G</b>	

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Fish and Game</b>							
Commercial Fisheries	93,855.6	94,051.5	94,051.5	96,311.5	96,676.8	2,625.3	2.8 %
Sport Fisheries	47,434.8	47,434.8	47,434.8	48,628.3	48,702.9	1,268.1	2.7 %
Anchorage/Fairbanks Hatcheries	7,411.1	7,411.1	7,411.1	7,539.6	7,539.6	128.5	1.7 %
Southeast Hatcheries	1,351.6	1,351.6	1,351.6	1,354.8	1,354.8	3.2	0.2 %
Wildlife Conservation	73,599.8	73,599.8	73,599.8	75,335.3	72,813.3	-786.5	-1.1 %
Statewide Support Services	35,035.3	35,035.3	35,035.3	35,462.1	36,034.5	999.2	2.9 %
Habitat	6,630.4	6,630.4	6,630.4	6,865.7	6,865.7	235.3	3.5 %
Subsistence Research/Monitoring	7,827.6	7,827.6	7,827.6	8,063.7	8,063.7	236.1	3.0 %
<b>Agency Total</b>	<b>273,146.2</b>	<b>273,342.1</b>	<b>273,342.1</b>	<b>279,561.0</b>	<b>278,051.3</b>	<b>4,709.2</b>	<b>1.7 %</b>
<b>Statewide Total</b>	<b>273,146.2</b>	<b>273,342.1</b>	<b>273,342.1</b>	<b>279,561.0</b>	<b>278,051.3</b>	<b>4,709.2</b>	<b>1.7 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	75,108.7	75,108.7	75,108.7	77,545.1	77,712.1	2,603.4	3.5 %
Designated General (DGF)	13,630.1	14,026.0	14,026.0	13,987.4	14,036.0	10.0	0.1 %
Other State Funds (Other)	89,647.4	89,447.4	89,447.4	91,310.1	92,639.4	3,192.0	3.6 %
Federal Receipts (Fed)	94,760.0	94,760.0	94,760.0	96,718.4	93,663.8	-1,096.2	-1.2 %

**Department of Fish and Game**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Commercial Fisheries / Statewide Fisheries Management	Add Authority for Pathology Lab Facility Rent Cost Increase and Expanded Space for Mark Tag and Age Lab, Both in Juneau	\$50.0 Fish/Game (Other) <b>Inc</b>	<p>The agency requests additional Fish and Game Fund authority to pay for increased lease costs at two facilities.</p> <p>The <b>Pathology Lab</b> is leased from the City and Borough of Juneau, which has increased the lease cost to the State.</p> <p>The <b>Mark Tag and Age Lab</b> leases space from the University of Alaska in Juneau. This increase will fund added space for lab work and archival purposes.</p>
2	Sport Fisheries / Sport Fisheries	Receipt Authority for National Fish and Wildlife Foundation and Pacific States Marine Fisheries Commission Grant Awards	<b>Net Zero</b> (\$300.0) Fed Rcpts (Fed) \$300.0 Stat Desig (Other) <b>FndChg</b>	<p>Added Statutory Designated Program Receipt authority will support new grant agreements with the <b>National Fish and Wildlife Foundation</b> and the <b>Pacific States Marine Fisheries Commission</b>. Simultaneously, this Fund Swap removes excess Federal Receipt authority. The Office of Management and Budget (OMB) reports that in FY25, the Sport Fisheries appropriation lapsed approximately \$6 million (or a third) of their total Federal Receipt authority.</p>
3	Wildlife Conservation / Wildlife Conservation	Reduce Excess Federal Receipt Authority due to Declining Pittman-Robertson Apportionments	(\$3,000.0) Fed Rcpts (Fed) <b>Dec</b>	<p>OMB reports that in FY25, the Wildlife Conservation appropriation lapsed nearly \$8 million (or 17%) of their total Federal Receipt authority. The State's annual Pittman-Robertson (PR) apportionment has been steadily declining since reaching its peak of \$50 million in federal fiscal year (FFY) 2023 due to reduced revenue from the sales of firearms and ammunition. Alaska's FFY25 apportionment was \$39 million, and FFY26 is projected to be lower. The Department of Fish and Game reports that this reduction in authority will not result in changes to services or the elimination of PR-funded projects.</p>
4	Statewide Support Services / Commissioner's Office	Funds Received for Fisheries Disasters (FY27-FY29)	<b>MultiYr</b>	<p>The legislature initiated the use of overlapping Multiyear appropriations of Statutory Designated Program Receipt authority to allow the agency greater flexibility for accepting anticipated federal fisheries disaster relief funds from the National Oceanic and Atmospheric Administration. The estimated amount is zero, or unknown at this time.</p> <p>Fish and Game works with affected fishery participants and stakeholders to develop a federally approved distribution plan. These receipts are passed through to an external entity, the Pacific States Marine Fisheries Commission, that applies for and administers the grants based on the allocations in the spend plan. This process can take multiple years and</p>

**Department of Fish and Game**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Statewide Support Services / Commissioner's Office	Funds Received for Fisheries Disasters (FY27-FY29)	MultiYr	<p>(continued)</p> <p>so the language provides increased flexibility to receive and distribute the funding.</p> <p>The previous FY26-FY28 Multiyear appropriation is currently being used to handle receipts for the following projects using federal fisheries disaster relief funds:</p> <ol style="list-style-type: none"> <li>1. Copper River Chinook and Sockeye Genetic Stock Identification - \$1.7 million</li> <li>2. Copper River Sockeye Historic Genetic Stock Identification - \$1.8 million</li> </ol>
5	Statewide Support Services / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	Net Zero  7 PFT Positions ATrIn	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 PFT positions supporting accounts payable, travel, and expense activities would be transferred to agencies. Specifically for the Department of Fish and Game, seven PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Two Accounting Clerks, range 10, located in Juneau</li> <li>-Two Accounting Technician 1 positions, range 12, located in Juneau</li> <li>-Accounting Technician 2, range 14, located in Juneau</li> <li>-Accounting Clerk, range 10, located in Anchorage</li> <li>-Accounting Technician 1, range 12, located in Anchorage</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
6	Statewide Support Services / Administrative Services	Transfer Positions from Administration for Payroll Services	Net Zero  6 PFT Positions ATrIn	<p>After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within the Department of Administration (DOA).</p> <p>Under the Governor's FY27 budget proposal, 40 PFT</p>

**Department of Fish and Game**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Statewide Support Services / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>6 PFT Positions</b> <b>ATrIn</b>	(continued) positions will be transferred to seven different agencies (see DOA for list of all agencies). Specifically for the Department of Fish and Game, the agency will receive a total of six positions, including four Human Resource Technician 2 positions (range 14) and two Human Resource Technician 3 positions (range 15), all located in Juneau.  At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.
7	Statewide Support Services / Administrative Services	Add Statutory Designated Program Receipt Authority for Agency Indirect Expenditures and Website ADA Compliance Efforts	\$500.0 Stat Desig (Other) <b>Inc</b>	The Department's Division of Administrative Support uses an indirect cost allocation plan to provide department-wide operational support using fund sources from the various divisions. The agency reports that it requires additional Statutory Designated Program Receipt authority to support increasing core service costs, including efforts to ensure that the Division's public facing website is compliant with the Americans with Disabilities Act.
8	Statewide Support Services / Administrative Services	Delete Full-Time Micro/ Network Specialist 2 Position Located in Juneau	<b>Total: (\$149.2)</b> (\$35.8) Gen Fund (UGF) (\$113.4) I/A Repts (Other) <b>(1) PFT Position</b> <b>Dec</b>	The Department proposes to delete a vacant Micro/ Network Specialist 2 position that supports the Division of Administrative Services in Juneau.

**Department of Fish and Game**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Various	Information Technology Classification Study Implementation	<b>Total: \$764.5</b> \$245.4 Fed Rcpts (Fed) \$292.8 Gen Fund (UGF) \$81.0 I/A Rcpts (Other) \$76.6 Fish/Game (Other) \$2.8 CIP Rcpts (Other) \$17.3 Stat Desig (Other) \$48.6 CFEC Rcpts (DGF) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by between one and three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Fish and Game, the request includes Increments in various allocations that will apply to 43 positions located across the state.</p> <p><b>Fiscal Analyst Comment:</b> The Governor's Office reports that exempt employees were not included in the Governor's budget scenario for the preliminary findings of the IT Classification Study. When the study is finalized, agencies with exempt IT employees may consider whether changes are needed for their own employees and determine any associated costs.</p> <p>As of FY26 Management Plan, Commercial Fisheries Entry Commission (CFEC) appears to have four employees whose positions are relevant to the IT Classification Study. The CFEC fund is already spending at an unsustainable rate, and the agency would likely require another fund source to support any necessary Increments.</p>

**Department of Fish and Game**  
**FY27 - Summary of Significant Capital Budget Issues**  
 (\$ thousands)

Item	Capital Project Title/ Category	Amount/Fund Source	Comment
1	Alaska Marine Salmon Program	\$3,800.0 Gen Fund (UGF)	<p>Funding is added for the <b>Alaska Marine Salmon Program (\$825.0 UGF)</b> and the <b>Gulf of Alaska Chinook Salmon Program (\$3,000.0)</b> in FY27. Both projects are designed to increase survey and assessment capacity to study the stock composition of Chinook and other salmon species throughout Alaska and will involve coordination between both the Division of Commercial Fisheries and the Sport Fisheries Division.</p> <p><b>Legislative Fiscal Analyst Comment:</b> This funding does not meet the statutory definition of a capital project (AS 37.07.120(4)) as it does not create a capital asset and would be more appropriately reflected in the operating budget.</p> <p>A capital project is defined as funding for “an asset with an anticipated life exceeding one year and a cost exceeding \$25,000 and include land acquisition, construction, structural improvement, engineering and design for the project, and equipment and repair costs.”</p>
2	Pacific Coastal Salmon Recovery Fund	\$6,800.0 Fed Rcpts (Fed)	<p>The Pacific Coastal Salmon Recovery Fund supports external grants for stock assessments, research, and management functions as well as work at the Alaska Department of Fish and Game. The same amount of federal authority was appropriated for this purpose in FY25 and FY26.</p> <p><b>Legislative Fiscal Analyst Comment:</b> This funding does not meet the statutory definition (AS 37.07.120(4)) of a capital project as it does not create a capital asset and would be more appropriately reflected in the operating budget. The Pacific Coastal Salmon Recovery Fund receipts were in the operating budget from their 2000 inception until 2019 when they were moved to the capital budget.</p>
3	Sport Fish and Wildlife Proceeds of Sale from Federal Purchases,	<b>Total: \$350.0</b> \$200.0 Fish/Game Fund (Other)	<p>The proceeds from the sale of State-owned equipment that was purchased using federal funds are appropriated to the Department of Fish and Game for renewal, replacement, and maintenance</p>

**Department of Fish and Game**  
**FY27 - Summary of Significant Capital Budget Issues**  
 (\$ thousands)

Item	Capital Project Title/ Category	Amount/Fund Source	Comment
	and Comfish (continued) (continued) Proceeds of Sale of State-Owned Vessels and Aircraft	\$150.0 GF/Prgm (DGF)	<p>of equipment to facilitate the same federal projects. The Sport Fisheries Division and the Wildlife (continued) Conservation Division will each receive \$100.0 in Fish and Game Fund authority for this purpose.</p> <p>Additionally, the Commercial Fisheries Division requests \$150.0 in General Fund Program Receipt authority for the sale of State-owned vessels and aircraft to be appropriated to the Division for renewal, replacement, and maintenance of vessels and aircraft.</p>
4	Sport Fish Recreational Boating and Angler Access	<b>Total: \$3,000.0</b>  \$2,250.0 Fed Rcpts (Fed) \$750.0 Fish/Game Fund (Other)	<p>This annual request allows the agency to expend a portion of the State's federal Dingell-Johnson and Wallop-Breaux receipts on access projects identified by the agency. The Fish and Game Fund authority is used as a 1:3 match for Federal Receipts. The projects were funded at this amount in FY26.</p>
5	Wildlife Management, Research and Hunting Access	<b>Total: \$6,000.0</b>  \$4,000.0 Fed Rcpts (Fed) \$2,000.0 Fish/Game Fund (Other)	<p>This receipt authority will allow the agency to leverage Pittman-Robertson Wildlife Restoration funding. Of the total, \$3.5 million will be used for hunter access projects, and \$1 million will be used for State research and management functions. Another \$1 million will be used for data management improvements and equipment, and \$500.0 will be used to purchase field equipment.</p> <p><b>Legislative Fiscal Analyst Comment:</b> The portion of this project dedicated to research and management functions does not meet the statutory definition of a capital project (AS 37.07.120(4)) as it does not create a capital asset and would be more appropriately reflected in the operating budget.</p>

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**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

Numbers and Language	
Agencies: Gov	

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPln	[4] AdjBase	[5] Gov	[5] 26MgtPln to	[5] - [3] Gov	[5] - [4] AdjBase to Gov
<b>Governor</b>								
Federal Infrastructure Office								
Federal Infrastructure Office	250.0	0.0	0.0	0.0	0.0	0.0		0.0
<b>Appropriation Total</b>	<b>250.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>Executive Operations</b>								
Executive Office	14,084.5	14,084.5	14,084.5	14,557.0	14,557.0	472.5	3.4 %	0.0
Governor's House	804.8	804.8	804.8	827.0	827.0	22.2	2.8 %	0.0
Contingency Fund	250.0	250.0	250.0	250.0	250.0	0.0		0.0
Lieutenant Governor	1,496.8	1,496.8	1,496.8	1,540.0	1,540.0	43.2	2.9 %	0.0
Facility O&M State Owned	44.8	44.8	44.8	44.8	44.8	0.0		0.0
<b>Appropriation Total</b>	<b>16,680.9</b>	<b>16,680.9</b>	<b>16,680.9</b>	<b>17,218.8</b>	<b>17,218.8</b>	<b>537.9</b>	<b>3.2 %</b>	<b>0.0</b>
<b>Facilities Rent</b>								
Facilities Rent State Owned	946.2	946.2	946.2	946.2	946.2	0.0		0.0
Facilities Rent Non-State Owned	490.6	490.6	490.6	490.6	490.6	0.0		0.0
<b>Appropriation Total</b>	<b>1,436.8</b>	<b>1,436.8</b>	<b>1,436.8</b>	<b>1,436.8</b>	<b>1,436.8</b>	<b>0.0</b>		<b>0.0</b>
<b>Office of Management &amp; Budget</b>								
Office of Management & Budget	3,483.9	3,483.9	3,483.9	3,769.7	3,769.7	285.8	8.2 %	0.0
<b>Appropriation Total</b>	<b>3,483.9</b>	<b>3,483.9</b>	<b>3,483.9</b>	<b>3,769.7</b>	<b>3,769.7</b>	<b>285.8</b>	<b>8.2 %</b>	<b>0.0</b>
<b>Elections</b>								
Elections	9,189.3	9,602.3	9,602.3	9,390.9	9,390.9	-211.4	-2.2 %	0.0
<b>Appropriation Total</b>	<b>9,189.3</b>	<b>9,602.3</b>	<b>9,602.3</b>	<b>9,390.9</b>	<b>9,390.9</b>	<b>-211.4</b>	<b>-2.2 %</b>	<b>0.0</b>
<b>Commissions/Special Offices</b>								
Human Rights Commission	2,989.7	2,989.7	2,989.7	3,098.3	3,098.3	108.6	3.6 %	0.0
<b>Appropriation Total</b>	<b>2,989.7</b>	<b>2,989.7</b>	<b>2,989.7</b>	<b>3,098.3</b>	<b>3,098.3</b>	<b>108.6</b>	<b>3.6 %</b>	<b>0.0</b>
<b>Central Svcs Cost Allocation</b>								
Central Svcs Cost Allocation	2,000.0	7,000.0	7,000.0	2,000.0	2,000.0	-5,000.0	-71.4 %	0.0
<b>Appropriation Total</b>	<b>2,000.0</b>	<b>7,000.0</b>	<b>7,000.0</b>	<b>2,000.0</b>	<b>2,000.0</b>	<b>-5,000.0</b>	<b>-71.4 %</b>	<b>0.0</b>
<b>Agency Total</b>	36,030.6	41,193.6	41,193.6	36,914.5	36,914.5	-4,279.1	-10.4 %	0.0
<b>Statewide Total</b>	36,030.6	41,193.6	41,193.6	36,914.5	36,914.5	-4,279.1	-10.4 %	0.0
<b>Funding Summary</b>								
Unrestricted General (UGF)	33,446.1	33,609.1	33,609.1	34,310.7	34,310.7	701.6	2.1 %	0.0
Other State Funds (Other)	2,432.6	7,432.6	7,432.6	2,446.2	2,446.2	-4,986.4	-67.1 %	0.0
Federal Receipts (Fed)	151.9	151.9	151.9	157.6	157.6	5.7	3.8 %	0.0

**Office of the Governor**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
1	Executive Operations / Executive Office	Transfer Accounting Technician Position from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>1 PFT Position</b> <b>ATrIn</b>	The Office of the Governor does not utilize Shared Services of Alaska and already performs these functions. However, the agency did send a position to the Department of Administration when the functions were centralized, so the position is being returned to it.
2	Office of Management and Budget / Office of Management and Budget	Transfer Accountant 4/5 from Dept. of Administration to Aid Agencies with Fund Sufficiency and Fund Balance Management	<b>Net Zero</b>  \$154.1 Gen Fund (UGF)  <b>1 PFT Position</b> <b>ATrIn</b>	This position and funding were added by the legislature as an IncT from FY25-27, but was unfilled at the time of this publication. The funding will expire at the end of FY27.

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

Numbers and Language	
Agencies: DOH	

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	[5] - [4] AdjBase to Gov
<b>Health</b>							
Behavioral Health	95,963.9	97,872.1	97,872.1	96,589.9	96,855.5	-1,016.6	-1.0 %
Health Care Services	26,488.6	26,488.6	26,488.6	27,301.1	27,301.1	812.5	3.1 %
Public Assistance	309,429.2	320,047.9	320,047.9	316,328.8	316,328.8	-3,719.1	-1.2 %
Public Health	150,982.1	241,258.2	241,258.2	153,949.4	156,918.2	-84,340.0	-35.0 %
Senior and Disabilities Svcs	82,304.7	77,654.1	77,654.1	77,656.9	77,492.6	-161.5	-0.2 %
Senior Benefits Payment Program	23,542.3	23,542.3	23,542.3	23,542.3	24,022.6	480.3	2.0 %
Departmental Support Services	45,262.1	45,916.0	45,916.0	46,269.9	47,477.6	1,561.6	3.4 %
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	3,088,110.5	3,506,635.5	3,506,635.5	3,468,962.2	3,458,962.2	-47,673.3	-1.4 %
<b>Agency Total</b>	<b>3,824,332.1</b>	<b>4,341,663.4</b>	<b>4,341,663.4</b>	<b>4,212,849.2</b>	<b>4,207,607.3</b>	<b>-134,056.1</b>	<b>-3.1 %</b>
<b>Statewide Total</b>	<b>3,824,332.1</b>	<b>4,341,663.4</b>	<b>4,341,663.4</b>	<b>4,212,849.2</b>	<b>4,207,607.3</b>	<b>-134,056.1</b>	<b>-3.1 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	1,063,999.8	1,065,526.8	1,065,526.8	1,062,262.3	1,052,446.8	-13,080.0	-1.2 %
Designated General (DGF)	50,330.6	50,330.6	50,330.6	50,612.3	50,632.9	302.3	0.6 %
Other State Funds (Other)	108,007.7	108,286.6	108,286.6	109,166.0	110,410.4	2,123.8	2.0 %
Federal Receipts (Fed)	2,601,994.0	3,117,519.4	3,117,519.4	2,990,808.6	2,994,117.2	-123,402.2	-4.0 %

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Replace Funding Source to Align with Statutory Distribution of Restorative Justice Account Funds	Net Zero  \$169.2 Gen Fund (UGF) (\$169.2) Rest Just (Other) <b>FndChg</b>	<p>The amount of Restorative Justice Account funding (AS 43.23.048) available for appropriation each year is calculated to represent the sum of Permanent Fund Dividends forfeited by Alaskans sentenced or incarcerated for felonies and certain misdemeanors in the qualifying calendar year. The appropriation reduces the amount of the Permanent Fund Dividend distribution to eligible Alaskans.</p> <p>In FY26, the amount available for appropriation was based on 8,238 ineligible Alaskans and a \$1,702 dividend for the qualifying 2023 calendar year, and in FY27 the amount in the Governor's request is based on 8,379 ineligible Alaskans and a \$1,000 dividend for the qualifying 2024 calendar year.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p>12% - Crime Victims Comp. Fund (10-13%)      3% - Legislature - Office of Victims' Rights (2-6%)      3% - Public Safety - Nonprofit Services for Crime Victims (1-3%)  <b>3% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)</b>      79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p> <p>In the Department of Health, these funds are used to supplant Unrestricted General Funds, so a reduction in the amount available is offset by a fund source change to general funds. These funds are used to support the Reentry Case Management program which assists recently released justice-involved persons who meet specific eligibility criteria.</p>
2	Behavioral Health / Behavioral Health Administration	Increase Federal Receipt Authority for Crisis Contact Center	\$585.0 Fed Rcpts (Fed) <b>Inc</b>	<p>The Division requests additional Federal Receipt authority (Fed) in order to charge 50% of allowable costs of the Crisis Contact Center to Medicaid, with the Division estimating up to 30% of the contract cost to be aligned with Medicaid.</p> <p>The Crisis Contact Center, commonly known as the 988 Suicide &amp; Crisis Lifeline or as Careline Alaska, is a call center where a trained crisis counselor will provide free care and support for anyone experiencing suicidal thoughts, who is at risk of suicide, or who is struggling with emotional distress. A person may call</p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Behavioral Health / Behavioral Health Administration	Increase Federal Receipt Authority for Crisis Contact Center	\$585.0 Fed Rcpts (Fed) <b>Inc</b>	<p>(continued)  or text 988 to be directly routed to the center.</p> <p>The call center operates 24/7 and has expanded coordination with other crisis service providers across the state. Coordination with law enforcement in FY23 resulted in a backline where 911 dispatchers can directly transfer a caller experiencing a behavioral health crisis to the call center.</p> <p>In addition to federal funding, the call center is also supported with a Temporary Increment (IncT) of \$750.0 of Mental Health Trust Authority Authorized Receipts (MHTAAR) that was authorized for FY26 through FY27. The Trust has recommended that an additional \$250.0 of MHTAAR be authorized beginning in FY27, and recommends that the total \$1,000.0 of MHTAAR funding be extended through FY28.</p> <p>A related IncT (FY26-FY27) request in FY26 for \$750.0 of General Fund/Mental Health to complement the MHTAAR funding was denied by the legislature.</p>
3	Behavioral Health / Residential Child Care	Transfer to the Department of Family and Community Services for Residential Care for Children and Youth	<b>Net Zero</b> (\$474.3) GF/MH (UGF) <b>ATrOut</b>	The Department of Health, Division of Behavioral Health, Residential Child Care will transfer a portion of grant funding for the Residential Care for Children and Youth grant program to the Department of Family and Community Services, Departmental Support Services, Coordinated Health & Complex Care. An internal analysis of the program determined the work done by these grantees, which focuses on providing emergency shelter suitable for children and youth, aligns more closely with the mission of Coordinated Care and Complex Health to establish safe placement options for complex individuals. The Department of Family and Community Services states that it has the infrastructure and capacity to assume oversight of these specific program grantees.
4	Public Health / Public Health Administrative Services	Increase Federal Receipt Authority for Child Development, Mental Health, Substance Abuse, and Forensic Grant Awards	\$2,700.0 Fed Rcpts (Fed) <b>Inc</b>	<p>The Division requests additional Federal Receipt authority to fully capture federal awards for child development, mental health consultation, opioid crisis response activities, and early learning and family support services. Authority is also needed to procure equipment for forensic evidence processing in the Medical Examiner's Office. The initiatives supported by these federal awards include:</p> <p style="text-align: right;"><b>Pediatric Mental Health Access grant - Help Me</b></p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
4	Public Health / Public Health Administrative Services	Increase Federal Receipt Authority for Child Development, Mental Health, Substance Abuse, and Forensic Grant Awards	\$2,700.0 Fed Rpts (Fed) <b>Inc</b>	<p>(continued)</p> <p><b>Grow (Health Resources Services Administration, \$850.0 per year, 9/30/2025-9/29/2029):</b> This grant support infants and young children with behavioral health needs in a variety of ways across the care spectrum by providing psychiatric consultation services for pediatric healthcare providers in the primary care setting, educational training for school nurses and counselors to provide support in a school setting, and mental health consultation and care coordination services for providers and caregivers.</p> <p><b>Substance Misuse and Addiction Prevention (Bureau of Justice Assistance, \$1,300.0 per year, 10/1/2024-9/30/2027):</b> This grant has several purposes, including to expand the capacity of the State Medical Examiner to gather data on overdoses related to the opioid crisis, to support community grants in developing/expanding programs that serve people with substance use challenges in order to divert or transition them from incarceration, and to support the recommendations of the Overdose Fatality Review (a committee that reviews overdose cases) and provide recommended opioid training and naloxone for the Department of Corrections, Public Safety, and other first responders.</p> <p><b>Community Project Funding/Congressionally-Directed Spending (Health Resources Services Administration, \$550.0, 10/1/2025-9/30/2026):</b> This grant will support the purchase of a Lodox scanner, a full-body imaging tool for use in the State Medical Examiner's Office. The Lodox is an X-ray scanner that delivers an ultra-low dose of radiation to accommodate frequent and rapid scanning in a forensic setting. The purpose of the grant is to enhance efficiency and staff safety during forensic examinations by refreshing the equipment used by examiners, and to improve outcomes like injury interpretation and evidence for court presentation.</p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Various	Information Technology Classification Study Implementation	<b>Total: \$1,255.5</b> \$23.6 Fed Repts (Fed) \$9.3 GF/Match (UGF) \$20.6 GF/Prgm (DGF) \$1,176.6 I/A Repts (Other) \$20.6 CIP Repts (Other) \$4.8 Stat Desig (Other) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Health, the request includes <b>four Increments totaling \$1,255.5</b>, currently impacting 67 positions in the Department. A number of the positions in the Department that are part of the study are in the process of reclassification so the final number of impacted positions may change.</p>
6	Senior Benefits Payment Program / Senior Benefits Payment Program	Third Year of Fiscal Note Implementation for Extending Senior Benefits (Ch12 SLA2024 (SB147))	\$480.3 Gen Fund (UGF) <b>Inc</b>	<p>The Senior Benefits Program (SBP), established on August 1, 2007 under AS 47.45.301, was reauthorized under SB 147, Workers' Compensation; Extend Senior Benefits Payment. The Department's Fiscal Note for the legislation included increased funding year-over-year in order to pay the full benefit amount (\$125 in statute, amended by regulation to \$76 effective in FY17, which is allowed for in statute) for the highest-earning cohort and to meet historical participation growth of 2% annually. This Increment represents the anticipated increase in program participants for the third year of the program's permanent extension.</p> <p>The legislature chose not to fund the FY26 Increment for the second year of the Fiscal Note related to the SBP but base funding of the program was maintained.</p>
7	Departmental Support Services / Administrative Support Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b> <b>5 PFT Positions</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance</p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Departmental Support Services / Administrative Support Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>5 PFT Positions</b> <b>ATrIn</b>	<p>(continued) within the Department of Administration. All 57 permanent full-time (PFT) positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p>Specifically for the Department of Health, five PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>- Accounting Clerk, range 10, located in Juneau;</li> <li>- Accounting Technician 1, range 12, located in Anchorage;</li> <li>- Accounting Technician 1, range 12, located in Anchorage;</li> <li>- Accounting Technician 2, range 14, located in Anchorage;</li> <li>- Accounting Technician 2, range 14, located in Juneau.</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
8	Medicaid Services / Medicaid Services	FY2027 Federal Receipts Received for Medicaid Services	\$384,601.7 Fed Rcpts (Fed) <b>IncM</b>	<p>The FY27 Governor's budget maintains the use of open-ended Federal receipt authority (Fed) in language. Legislative Finance has updated the estimated value of this FY27 open-ended authority from \$0.0 to \$384,601.7 based on the Department's Medicaid Services Projection Model dated December 15, 2025.</p> <p>Beginning in FY21, open-ended Fed authority was provided in language for the Medicaid Services allocation to respond to the COVID-19 pandemic. The language has been maintained through FY26 due to the post-public health emergency changes to the enhanced federal medical assistance percentage (eFMAP) rate and the eligibility redeterminations for Medicaid enrollment. Based on projections from the Department, substantial federal funding above the budgeted authorization is being utilized under the language in FY26, indicating there is still considerable adjustments to utilization and enrollment in the wake of Medicaid redeterminations.</p> <p><b>Fiscal Analyst Comment:</b> In SLA 25 the legislature approved the addition of \$247,137.7 Federal Receipt authority for the Medicaid Services allocation, while also preserving the use of open-ended authority in language. This was based on updated Medicaid</p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
8	Medicaid Services / Medicaid Services	FY2027 Federal Receipts Received for Medicaid Services	\$384,601.7 Fed Rcpts (Fed) <b>IncM</b>	<p>(continued)</p> <p>projections provided by the Department on February 19, 2025, and the addition of budgeted Fed was meant to provide greater visibility of the State's Medicaid activity and to highlight the need for more general funds, especially General Fund Match, from the State post-pandemic.</p> <p>The Department's current Medicaid projections for FY26 indicate a shortfall of \$36,436.8 across unrestricted general fund sources, which is not included in the Governor's FY26 operating supplemental request, as well as an additional \$420,001.7 of Federal Receipt authority covered under the open-ended language. These FY26 projections incorporate a 53rd week of check writes in the fiscal year which the Department has estimated to be \$14,680.1 of the total projected shortfall. The rest is attributed to annual and regulatory rate adjustments and a 1.05% decrease to the Federal Medical Assistance Percentage (FMAP) which is calculated annually based on a state's per capita income relative to the national average.</p> <p>The Department's projections also estimate an FY27 shortfall of \$47,366.7 in unrestricted general fund sources; this figure assumes the FY26 shortfall is maintained in the base but removes the 53rd week of check writes. This estimated shortfall is not included in the Governor's FY27 budget proposal.</p>
9	Medicaid Services / Medicaid Services	Remove Second Year of Funding to Support Clinic Behavioral Health Services (FY26-FY27)	(\$10,000.0) Gen Fund (UGF) <b>Dec</b>	<p>The Governor's budget did not include the second year of a Temporary Increment (IncT) aimed at addressing clinical behavioral health services rates that were awaiting an in-depth rate review study to address concerns about rate parity and alignment.</p> <p>The legislature added this IncT (FY26-FY27) of \$13,750.0 UGF aimed at increasing rates paid to providers of clinical behavioral health services that are covered by Medicaid but separate from those covered under an 1115 Waiver. The Governor partially vetoed this appropriation in the FY26 budget, reducing it to \$10,000.0.</p> <p>The Behavioral Health Rate Study Report and accompanying models were published on the Department's Office of Rate Review website on October 8, 2025 and included a selection of</p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Medicaid Services / Medicaid Services	Remove Second Year of Funding to Support Clinic Behavioral Health Services (FY26-FY27)	(\$10,000.0) Gen Fund (UGF) <b>Dec</b>	(continued) recommendations that had an estimated unrestricted general fund impact of \$7,200.0-\$8,200.0. The Governor's FY27 budget proposal does not include any distinct recommendations from the study in lieu of maintaining the second year of funding for this IncT.
10	Various	MH Trust: Continuing Trust Recommendations Not Included in the FY27 Budget	n/a	<p>The Governor's FY27 operating budget contains one deviation from the Alaska Mental Health Trust Authority's (Trust) recommendations and also contains several noteworthy changes made by the Trust to items that were modified or discontinued before their initial authorization expired.</p> <p><b>Trust recommendations for General Funds/Mental Health (GF/MH) not included:</b>  <u>Behavioral Health, Behavioral Health Administration:</u> (\$500.0) for the Crisis Call Center (FY26-FY28)  - The FY26 budget included a request for \$750.0 of GF/MH and \$750.0 of Mental Health Trust Authority Authorized Receipts (MHTAAR) for this same purpose. The legislature authorized the MHTAAR but denied the GF/MH.</p> <p><b>Trust-approved early reduction or discontinuation of MHTAAR:</b>  <u>Behavioral Health, Behavioral Health Administration:</u> (\$50.0) for the final year of the Family Services Training Center (FY22-FY27), leaving no funding for this initiative.</p> <p><u>Public Health, Women, Children and Family Health:</u> (\$135.0) reduction to the final year of the Pediatric Mental Health Care Access Program (FY23-FY27), leaving \$36.6 remaining for the final year of the initiative.</p> <p><u>Senior and Disability Services, Early Intervention/ Infant Learning Program:</u> (\$460.0) for the final year of Intensive At-Risk Early Intervention (FY22-FY27), leaving no funding for this initiative.</p> <p>While these Decrements to MHTAAR may impact a specific initiative, they do not necessarily represent a discontinuation of financial support by the Trust for related policy initiatives. The Trust has recommended, and the Governor has put forward, a number of Increments and extensions for existing programs supported with MHTAAR in the FY27 budget.</p>

**Department of Health**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Various	FY27 Cross-Appropriation Transfer Authority Except for Medicaid Services	<b>Net Zero</b>  <b>Wordage</b>	<p>The Governor's FY27 budget seeks to maintain language authorizing the Department transfer funds across appropriations, up to a sum of \$15,000.0, with the exception of the Medicaid Services appropriation. The Governor's budget requests this authority in both the operating and mental health bills which would bring the total transfer authority to \$30,000.0 if approved by the legislature. The legislature authorized up to \$10,000.0 in the FY26 budget under similar language in the operating bill only.</p> <p>The legislature required that a summary report of the cross-appropriations be transmitted after the reconciliation period for each fiscal year. Prior year transfers within the Department of Health were relatively limited but FY25 saw significant transfers of Unrestricted General Funds (UGF) and Federal Receipt authority. The Department utilized the full \$10,000.0 of transfer authorization that it was granted in FY25.</p> <p>When the Department of Health and Social Services was severed at the end of FY22 and became two new departments beginning in FY23 - the Department of Health and the Department of Family and Community Services - the legislature granted cross-appropriation authority in each of the two departments in order to allow for flexible management as the transition progressed. In the Department of Health, an exception that no funding may be transferred out of the Medicaid appropriation was also included and has remained in place, consistent with how this cross-appropriation authority had been granted previously.</p> <p><b>Fiscal Analyst Comment:</b> Cross-appropriation transfer authority allows the agency to move money between purposes without specific legislative approval. While this gives the agency added flexibility, its routine use risks diluting the legislature's power of appropriation.</p>

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**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language  
Agencies: Labor**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Labor &amp; Workforce Dev</b>							
Commissioner and Admin Svcs	52,855.0	52,886.6	52,886.6	55,862.4	55,847.4	2,960.8	5.6 %
Workers' Compensation	12,758.2	12,758.2	12,758.2	13,060.7	14,465.7	1,707.5	13.4 %
Labor Standards and Safety	13,245.3	13,245.3	13,245.3	13,639.5	13,639.5	394.2	3.0 %
Employment & Training Services	59,289.1	59,229.1	59,229.1	60,611.0	57,883.2	-1,345.9	-2.3 %
Vocational Rehabilitation	30,452.9	30,452.9	30,452.9	31,136.3	31,236.3	783.4	2.6 %
AVTEC	19,684.5	19,684.5	19,684.5	20,881.3	20,910.6	1,226.1	6.2 %
<b>Agency Total</b>	<b>188,285.0</b>	<b>188,256.6</b>	<b>188,256.6</b>	<b>195,191.2</b>	<b>193,982.7</b>	<b>5,726.1</b>	<b>3.0 %</b>
<b>Statewide Total</b>	<b>188,285.0</b>	<b>188,256.6</b>	<b>188,256.6</b>	<b>195,191.2</b>	<b>193,982.7</b>	<b>5,726.1</b>	<b>3.0 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	23,384.6	23,356.2	23,356.2	23,898.7	25,333.0	1,976.8	8.5 %
Designated General (DGF)	48,298.6	48,298.6	48,298.6	52,120.9	53,179.9	4,881.3	10.1 %
Other State Funds (Other)	18,147.1	18,147.1	18,147.1	18,548.1	17,438.1	-709.0	-3.9 %
Federal Receipts (Fed)	98,454.7	98,454.7	98,454.7	100,623.5	98,031.7	-423.0	-0.4 %

## Department of Labor and Workforce Development

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Commissioner and Administrative Services / Technology Services	Information Technology Classification Study Implementation	<b>Total: \$273.3</b> \$144.8 Fed Rcpts (Fed) \$29.3 Gen Fund (UGF) \$97.4 I/A Rcpts (Other) \$0.9 STEP (DGF) \$0.9 VoTech Ed (DGF) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Labor and Workforce Development, the request includes <b>three Increments totaling \$273.3</b>.</p>
2	Various	Move State Training and Employment Program Appropriation to Language Section	\$8,663.5 STEP (DGF)	<p>The Governor's FY27 budget moves the distribution of funding for the State Training and Employment Program (STEP) to the language section, which allows for a single budget transaction to be updated, if necessary, to reflect the distribution based on the latest revenue projections.</p> <p>STEP funding is added in language for the following appropriations and allocations:</p> <p><b>Commissioner and Administrative Services, Alaska Workforce Investment Board, State Training and Employment Program Grantee Program: \$6,930.8</b></p> <p><b>Employment and Training Services, Workforce Services, Job Center STEP Program: \$1,732.7</b></p> <p>There are corresponding Decrements in the affected allocations that removes the funding from the numbers section, based on FY26 amounts:</p> <p><b>Commissioner and Administrative Services, Alaska Workforce Investment Board, State Training and Employment Program Grantee Program: (\$6,538.8)</b></p> <p><b>Employment and Training Services, Workforce Services, Job Center STEP Program: (\$1,267.5)</b></p> <p><b>Fiscal Analyst Comment:</b> The Governor's FY27</p>

## **Department of Labor and Workforce Development**

### **FY27 - Summary of Significant Operating Budget Issues**

**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
2	Various	Move State Training and Employment Program Appropriation to Language Section	\$8,663.5 STEP (DGF)	(continued) request also includes a numbers section Increment of STEP funds to the base of the Labor Market Information allocation in the Commissioner and Administrative Services appropriation, which conflicts with the language authorization. The language should be modified to reflect this exception.
3	Commissioner and Administrative Services / Management Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b> <b>5 PFT Positions ATrIn</b>	The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.  The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 permanent full-time (PFT) positions supporting accounts payable, travel, and expense activities would be transferred to agencies.  Specifically for the Department of Labor and Workforce Development, five PFT positions would be transferred as follows: - Accounting Technician 1, range 12, located in Juneau; - Accounting Technician 1, range 12, located in Anchorage; - Accounting Technician 1, range 12, located in Juneau; - Accounting Technician 2, range 14, located in Juneau; - Accounting Technician 3, range 16, located in Juneau.  Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.
4	Workers' Compensation / Workers' Compensation	Add General Funds to Maintain Workers' Compensation Operations	\$1,405.0 Gen Fund (UGF) <b>IncOTI</b>	The Department seeks the one-time use of alternative funding to maintain operations in the Workers' Compensation allocation, which is partially supported through the revenue collected in the Worker's Safety and Compensation Administration Account (WSCAA). This revenue is derived from a portion of employer-paid insurance premiums. Since FY22 the balance of revenue collected into the WSCAA has been swept and no carryforward funding remains. The Department also notes that revenue collections have steadily declined since 2020.

## **Department of Labor and Workforce Development**

### **FY27 - Summary of Significant Operating Budget Issues**

**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
4	Workers' Compensation / Workers' Compensation	Add General Funds to Maintain Workers' Compensation Operations	\$1,405.0 Gen Fund (UGF) <b>IncOTI</b>	(continued) <b>Fiscal Analyst Comment:</b> While the Governor has requested one-time funding to address this shortfall, the trend of declining revenue is unlikely to change without the consideration of policy choices such as increasing the diversion from employer premiums to this fund or for the legislature to authorize a reverse sweep and carryforward language for the WSCAA.

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: Law</b>	

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	[5] - [4] AdjBase to Gov
<b>Law</b>							
Criminal Division	57,835.4	57,835.4	57,835.4	59,829.7	59,829.7	1,994.3	3.4 %
Civil Division	64,384.0	70,307.7	70,307.7	67,107.6	66,618.2	-3,689.5	-5.2 %
Administration and Support	10,588.5	10,588.5	10,588.5	10,741.0	10,774.4	185.9	1.8 %
<b>Agency Total</b>	<b>132,807.9</b>	<b>138,731.6</b>	<b>138,731.6</b>	<b>137,678.3</b>	<b>137,222.3</b>	<b>-1,509.3</b>	<b>-1.1 %</b>
<b>Statewide Total</b>	<b>132,807.9</b>	<b>138,731.6</b>	<b>138,731.6</b>	<b>137,678.3</b>	<b>137,222.3</b>	<b>-1,509.3</b>	<b>-1.1 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	84,182.2	90,105.9	90,105.9	87,662.8	87,668.9	-2,437.0	-2.7 %
Designated General (DGF)	3,077.7	3,077.7	3,077.7	3,142.2	3,142.2	64.5	2.1 %
Other State Funds (Other)	43,040.0	43,040.0	43,040.0	44,304.6	43,842.5	802.5	1.9 %
Federal Receipts (Fed)	2,508.0	2,508.0	2,508.0	2,568.7	2,568.7	60.7	2.4 %

**Department of Law**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Civil Division / Civil Defense Litigation	Transfer Funding from Corrections Physical Health Care and Institution Director's Office to Eliminate RSA's	<b>Net Zero</b>  \$500.0 Gen Fund (UGF) <b>ATrIn</b>	Two transfers of funding from the Department of Corrections (DOC) Physical Health Care and Institution Director's Office allocations will continue to support attorneys providing legal services to DOC, and eliminate the need for the existing reimbursable services agreements (RSAs) between the Department and DOC.
2	Administration and Support / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>3 PFT Positions</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 permanent full-time (PFT) positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p><b>Specifically for the Department of Law</b>, three PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>- Full-time Accounting Technician 1, range 12, located in Anchorage;</li> <li>- Full-time Loan/Collection Manager, range 22, located in Anchorage;</li> <li>- Full-time Accountant 4, range 20, located in Juneau.</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
3	Administration and Support / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>1 PFT Position</b> <b>ATrIn</b>	<p>After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within the Department of Administration (DOA).</p> <p>Under the Governor's FY27 budget proposal, 40 PFT positions will be transferred to seven different agencies (see DOA for list of all agencies). Specifically for the Department of Law, one PFT Human Resource Tech 1 (Range 12, located in Juneau) will be transferred.</p>

**Department of Law**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
3	Administration and Support / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>1 PFT Position</b> <b>ATrIn</b>	(continued)  At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.
4	Various	Information Technology Classification Study Implementation	<b>Total: \$44.0</b>  \$6.1 Gen Fund (UGF) \$37.9 I/A Rcpts (Other) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p><b>Specifically for the Department of Law</b>, the request includes two increments totaling \$44.0 (\$6.1 UGF, \$37.9 I/A Receipts) for three positions - an Internet Specialist 2, and two Analyst/ Programmer 5 positions, all located in Anchorage. The increments occur in the Civil Division appropriation, Legal Support Services allocation and Administrative Services allocation.</p>

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*Legislative Fiscal Analyst's Overview of the Governor's FY2027 Request*

**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: DM&amp;VA</b>	

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPln	[4] AdjBase	[5] Gov	[5] 26MgtPln to	[5] - [3] Gov	AdjBase to	[5] - [4] Gov
<b>Military &amp; Veterans' Affairs</b>									
<b>Military and Veterans' Affairs</b>									
Office of the Commissioner	7,342.2	7,342.2	7,372.3	7,614.7	7,982.3	610.0	8.3 %	367.6	4.8 %
Homeland Security & Emerg Mgt	10,157.5	10,157.5	10,148.2	10,501.8	10,527.3	379.1	3.7 %	25.5	0.2 %
Army Guard Facilities Maint.	15,529.9	15,529.9	15,509.1	15,786.6	16,011.4	502.3	3.2 %	224.8	1.4 %
Civil Air Patrol	250.0	250.0	250.0	250.0	250.0	0.0		0.0	
Air Guard Facilities Maint.	8,073.1	8,073.1	8,073.1	8,230.8	8,230.8	157.7	2.0 %	0.0	
Alaska Military Youth Academy	12,405.5	12,405.5	12,405.5	12,762.5	12,762.5	357.0	2.9 %	0.0	
Veterans' Services	2,798.7	2,798.5	2,798.5	2,837.5	2,837.5	39.0	1.4 %	0.0	
State Active Duty	525.0	525.0	525.0	525.0	525.0	0.0		0.0	
Facilities Rent - NonState Owned	88.1	88.1	88.1	88.1	88.1	0.0		0.0	
<b>Appropriation Total</b>	<b>57,170.0</b>	<b>57,169.8</b>	<b>57,169.8</b>	<b>58,597.0</b>	<b>59,214.9</b>	<b>2,045.1</b>	<b>3.6 %</b>	<b>617.9</b>	<b>1.1 %</b>
<b>Alaska Aerospace Corporation</b>									
Alaska Aerospace Corporation	3,911.6	3,911.6	3,911.6	3,921.1	3,921.1	9.5	0.2 %	0.0	
AAC Facilities Maintenance	6,624.3	6,624.3	6,624.3	6,627.8	6,627.8	3.5	0.1 %	0.0	
<b>Appropriation Total</b>	<b>10,535.9</b>	<b>10,535.9</b>	<b>10,535.9</b>	<b>10,548.9</b>	<b>10,548.9</b>	<b>13.0</b>	<b>0.1 %</b>	<b>0.0</b>	
<b>Agency Total</b>	<b>67,705.9</b>	<b>67,705.7</b>	<b>67,705.7</b>	<b>69,145.9</b>	<b>69,763.8</b>	<b>2,058.1</b>	<b>3.0 %</b>	<b>617.9</b>	<b>0.9 %</b>
<b>Statewide Total</b>	<b>67,705.9</b>	<b>67,705.7</b>	<b>67,705.7</b>	<b>69,145.9</b>	<b>69,763.8</b>	<b>2,058.1</b>	<b>3.0 %</b>	<b>617.9</b>	<b>0.9 %</b>
<b>Funding Summary</b>									
Unrestricted General (UGF)	18,061.7	18,061.7	18,061.7	18,525.4	18,554.4	492.7	2.7 %	29.0	0.2 %
Designated General (DGF)	35.2	35.2	35.2	35.8	8.4	-26.8	-76.1 %	-27.4	-76.5 %
Other State Funds (Other)	14,388.5	14,388.3	14,388.3	14,786.9	14,821.2	432.9	3.0 %	34.3	0.2 %
Federal Receipts (Fed)	35,220.5	35,220.5	35,220.5	35,797.8	36,379.8	1,159.3	3.3 %	582.0	1.6 %

**Department of Military and Veterans' Affairs**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Military and Veterans' Affairs / Office of the Commissioner	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>1 PFT Position</b> <b>ATrIn</b>	<p>After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within the Department of Administration (DOA).</p> <p>Under the Governor's FY27 budget proposal, 40 Permanent Full-Time positions will be transferred to seven different agencies (see DOA for list of all agencies). Specifically for the Department of Military and Veterans' Affairs, one Human Resource Technician 2 located in Juneau will be transferred.</p> <p>At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.</p>
2	Military and Veterans' Affairs / Office of the Commissioner	Add Two Program Manager Positions for Public Protection and Infrastructure Support	\$318.6 Fed Rcpts (Fed)  <b>2 PFT Positions</b> <b>Inc</b>	<p>These program managers will focus on communication and coordination between the Office of the Governor, the Department of Defense, and Alaska's civilian stakeholders.</p> <p>One position will be located on Joint Base Elmendorf-Richardson in Anchorage and focus on Central, Southeast, and Aleutian regions of the state.</p> <p>The other will be based in Fairbanks and focus on Interior, Western, and Northern regions of the state.</p>
3	Military and Veterans' Affairs / Various	Information Technology Classification Study Implementation	<b>Total: \$74.5</b>  \$11.2 Fed Rcpts (Fed) \$13.6 GF/Match (UGF) \$15.4 Gen Fund (UGF) \$18.8 I/A Rcpts (Other) \$15.5 CIP Rcpts (Other) <b>Inc</b>	<p>DOA commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one</p>

**Department of Military and Veterans' Affairs**

**FY27 - Summary of Significant Operating Budget Issues**

**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
3	Military and Veterans' Affairs / Various	Information Technology Classification Study Implementation	<b>Total: \$74.5</b> \$11.2 Fed Rcpts (Fed) \$13.6 GF/Match (UGF) \$15.4 Gen Fund (UGF) \$18.8 I/A Rcpts (Other) \$15.5 CIP Rcpts (Other) <b>Inc</b>	<p>(continued) to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Military and Veterans Affairs, the request includes two Increments that apply to four positions - an Internet Specialist 2, two Micro/Net Specialist 2, and a Systems Programmer 2 position, all located in Anchorage at Joint Base Elmendorf-Richardson.</p> <p>The Governor's Office reports that exempt employees were not included in the Governor's budget scenario for the preliminary findings of the IT Classification Study. When the study is finalized, agencies with exempt IT employees may consider whether changes are needed for their own employees and determine any associated costs.</p> <p>Alaska Aerospace Corporation appears to have one exempt employee whose position is relevant to the IT Classification Study.</p>
4	Military and Veterans' Affairs / Army Guard Facilities Maintenance	Add Two Environmental Program Specialist 3 Positions for Hazardous Waste and Water Resource Management	\$252.2 Fed Rcpts (Fed) <b>2 PFT Positions</b> <b>Inc</b>	These two positions located on Joint Base Elmendorf-Richardson will focus on hazardous spill response, above ground storage tank management, storm water systems, and safe drinking water operations in accordance with federal laws and regulations.

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**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: DNR</b>	

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Natural Resources</b>							
Admin. and Support Services	42,622.3	42,622.3	42,622.3	43,447.0	44,156.3	1,534.0	3.6 %
Oil and Gas	24,251.7	24,251.7	24,251.7	24,921.3	25,005.3	753.6	3.1 %
Fire, Land, and Water Resources	96,525.2	96,866.8	96,866.8	99,120.5	105,612.2	8,745.4	9.0 %
Parks and Outdoor Recreation	24,211.5	22,100.2	22,100.2	22,744.6	26,044.6	3,944.4	17.8 %
<b>Agency Total</b>	<b>187,610.7</b>	<b>185,841.0</b>	<b>185,841.0</b>	<b>190,233.4</b>	<b>200,818.4</b>	<b>14,977.4</b>	<b>8.1 %</b>
<b>Statewide Total</b>	<b>187,610.7</b>	<b>185,841.0</b>	<b>185,841.0</b>	<b>190,233.4</b>	<b>200,818.4</b>	<b>14,977.4</b>	<b>8.1 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	70,072.3	67,961.0	67,961.0	70,112.8	70,630.5	2,669.5	3.9 %
Designated General (DGF)	49,686.7	50,028.3	50,028.3	51,611.5	51,676.4	1,648.1	3.3 %
Other State Funds (Other)	53,902.6	53,902.6	53,902.6	54,278.6	56,246.1	2,343.5	4.3 %
Federal Receipts (Fed)	13,949.1	13,949.1	13,949.1	14,230.5	22,265.4	8,316.3	59.6 %

**Department of Natural Resources**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration & Support Services / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>4 PFT Positions</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 PFT positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p>Specifically for the Department of Natural Resources, four PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Accounting Technician 3, range 16, located in Anchorage;</li> <li>-Accounting Technician 3, range 16, located in Anchorage;</li> <li>-Accounting Technician 2, range 14, located in Anchorage;</li> <li>-Accounting Technician 1, range 12, located in Anchorage.</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
2	Administration & Support Services / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>4 PFT Positions</b> <b>ATrIn</b>	<p>After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within the Department of Administration (DOA).</p> <p>Under the Governor's FY27 budget proposal, 40 PFT positions will be transferred to seven different agencies (see DOA for list of all agencies).</p> <p>Specifically for the Department of Natural Resources, four PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Training Specialist 1, range 16, located in Juneau;</li> <li>-Human Resource Technician 3, range 15, located in Juneau;</li> <li>-Human Resource Technician 2, range 14, located in Juneau;</li> <li>-Human Resource Technician 2, range 14, located in Juneau.</li> </ul>

**Department of Natural Resources**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Administration & Support Services / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>4 PFT Positions ATrIn</b>	(continued)  At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.
3	Various	Information Technology Classification Study Implementation	<b>Total: \$594.8</b>  \$56.5 Fed Rcpts (Fed) \$388.0 Gen Fund (UGF) \$64.9 GF/Prgm (DGF) \$28.2 I/A Rcpts (Other) \$18.8 CIP Rcpts (Other) \$32.8 PF Gross (Other) \$5.6 Stat Desig (Other) <b>Inc</b>	The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.  Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to two salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.  Specifically for the Department of Natural Resources, the request includes increments in various allocations that will apply to 29 positions located across the state.
4	Administration & Support Services / EVOS Trustee Council Projects	Eliminate EVOS Trustee Council Projects Allocation and Authority	(\$174.9) EVOS Civil (Other) <b>Dec</b>	The Exxon Valdez Oil Spill (EVOS) Trustee Council Projects allocation was added to help the EVOS Trustee Council in their efforts to study and restore lands impacted by the 1989 oil spill, using funds from the \$900 million civil settlement in 1991. New projects are rare as funding has dwindled and the Department states this allocation and authority can be eliminated as they no longer receive or anticipate any EVOS Trustee Council funding.
5	Administration & Support Services / Mental Health Trust Lands Facility Operations and Maintenance	Establish New Allocation for Mental Health Trust Lands Facility Operations and Maintenance	<b>Struct</b>	Intent language in the FY26 budget requested the Mental Health Trust Land Admin to detail out the operations and maintenance expenses for the Trust and its lessees in the Cordova building and the Trust Authority Building. The FY27 Governor's budget proposal creates a new allocation to show these expenditures, <b>adding \$573.2 of Mental Health Trust Authority Authorized Receipts (MHTAAR)</b> authority, and <b>transferring \$322.6 of additional</b>

**Department of Natural Resources**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Administration & Support Services / Mental Health Trust Lands Facility Operations and Maintenance	Establish New Allocation for Mental Health Trust Lands Facility Operations and Maintenance	Struct	<p>(continued)</p> <p><b>MHTAAR authority</b> in from the Mental Health Trust Land Admin allocation.</p> <p>This change allows the agency to correctly capture expenditures that were being made with lease revenues prior to deposit into the mental health trust fund, enabling adherence with AS 37.07.020(e) to present separately for each agency the annual facility operations, annual maintenance, and periodic repair or replacement of components of public buildings and facilities.</p>
6	Fire Suppression, Land & Water Resources / Forest Management & Development	Add Forester 4 Position in Ketchikan with Federal 'Good Neighbor Authority' for Coordination with US Forest Service	\$160.0 Fed Rcts (Fed) <b>1 PFT Position Inc</b>	<p>The State of Alaska collaborates with the United States Forest Service (USFS) on forest management activities in Southeast Alaska. Federal grants through the Good Neighbor Authority program provides support for activities such as treating insect and disease infested trees, reducing hazardous fuels, restoration of wildlife habitat, commercial forest product sales, and roadwork on decommissioned National Forest System roads.</p> <p>This new Forester 4 position is fully funded with Federal Receipts from this program.</p>
7	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	Remove Out-Year Funding for Powering Alaska's Future with Geothermal Energy (FY25-FY27) Sec1 Ch7 SLA2024 P31 L10 (HB268)	(\$1,000.0) Gen Fund (UGF) <b>Dec</b>	<p>The final year of funding for this Temporary Increment is not included in the FY27 Governor's budget.</p> <p>In FY25 the Governor requested a base Increment to fund identification and analysis of geothermal sites, with the aim of fostering growth in Alaska's geothermal power industry. The legislature funded the item as an FY25-FY27 Temporary Increment, including a Geologist 3 and a Geographic Information Systems (GIS) Analyst to perform the work.</p> <p>OMB did not confirm if this omission was intentional or not by the time of this publication.</p> <p>The Governor's FY27 proposed budget does not remove the two positions along with the funding. It is possible this may be fixed in Gov Amend.</p>

**Department of Natural Resources**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Various	Move Two Federal Grants and Associated Matching Funds Previously Located in the Capital Budget into the Operating Budget	<b>Total: \$9,125.0</b> \$7,825.0 Fed Rcpts (Fed) \$1,300.0 GF/ Match (UGF) Inc	<p>The Critical Minerals Mapping - Earth MRI project is supported by ongoing federal grant funding that has been received through the capital budget beginning in FY13. It is now moved to the Geological &amp; Geophysical allocation in Fire, Land, and Water Resources. This project is supported by <b>\$5,825.0 in Federal Receipt authority</b>.</p> <p>The State has received federal funding from the National Historic Preservation Fund since the 1970s. This project is now moved to the History and Archaeology allocation in Parks and Outdoor Recreation. This project totals <b>\$3,300.0</b> (\$2,000.0 Federal Receipt authority and \$1,300.0 General Fund Match).</p> <p><b>Fiscal Analyst Comment:</b> Moving these projects and associated federal authority and matching funds is consistent with the Legislative Finance Division position that these grants are not being used to obtain a capital asset or fund a one-time project, and should be located in the operating budget to fund ongoing activity.</p>
9	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	Delete Full-Time Fire Management Officer and Part-Time Wildland Fire Resource Technician 3 Positions in Delta Junction	<b>Total: (\$193.1)</b> (\$6.6) Fed Rcpts (Fed) (\$170.3) Gen Fund (UGF) (\$9.9) I/A Rcpts (Other) (\$6.3) CIP Rcpts (Other) <b>(1) PFT Position</b> <b>(1) PPT Position Dec</b>	<p>The Governor's proposed budget deletes two wildland firefighter positions in Delta Junction to offset new administrative positions in the Department of Agriculture. The Department of Natural Resources has permission to access the Fire Suppression Fund as needed, which could be used to replace these positions with off-budget or seasonal firefighters which would undo the cost savings without legislative input.</p>
10	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	Increase Interagency Receipt Authority to Utilize Firefighting Positions for Off-Season Hazard Response Activities	\$1,500.0 I/A Rcpts (Other) Inc	<p>This authority will allow the Department to budget a portion of wildland firefighters' time to performing hazard-response activities unrelated to fire suppression in the off-season.</p> <p>The Department states that in FY25 there was increased demand from other agencies for assistance with damage associated with storms, floods, tree-fall, and other non-fire related hazards.</p>

**Department of Natural Resources**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
11	Parks & Outdoor Recreation / Parks Management & Access	Delete Nine Non-Permanent Alaska Conservation Corps Positions in Anchorage, Fairbanks, Juneau, and Soldotna	n/a	<p>Alaska Conservation Corps positions are seasonal part-time positions intended to get interested parties involved in Alaska State Parks by performing activities like trail maintenance, fee collection, and office work. Crewmembers are provided a stipend for 16 weeks to perform repairs, brushing and other related trail needs as prioritized by the State Parks.</p> <p>The Department had 50 budgeted Alaska Conservation Corp positions in the FY26 Enacted budget, and <b>nine positions were deleted in FY26 Management Plan</b> based on the number of anticipated applicants and the needs of the Department.</p> <p>In FY25, 17 positions were added without funding to better reflect the number of participants in the program. In FY25 Management Plan the Department deleted five positions.</p>

**Department of Natural Resources**  
**FY27 - Summary of Significant Capital Budget Issues**  
**(\$ Thousands)**

<b>Item</b>	<b>Capital Project Title/ Category</b>	<b>Amount/Fund Source</b>	<b>Comment</b>
1	Forest Inventory Initiative – Susitna and Tanana Valleys	<b>Total: \$1,850.0</b> \$1,850.0 Timber Rcpts (DGF)	<p>Timber Sale Receipts (TSR) funds are requested for a one-time project to survey forested terrain in the Susitna Valley and the Tanana Valley. This data will be used to inform forest management activity with the intention of developing it for use as timberlands. This project expands upon work previously done in the area in 2013 and 2014 by expanding the scope and quality of the data.</p> <p>This fund source consists of revenues from the sales of timber from state land. The legislature may appropriate money deposited into the account for the implementation of the state timber disposal program by the department or for any other public purpose.</p> <p><b>Fiscal Analyst Comment:</b> As of November 12, 2025, the Department of Natural Resources (DNR) reports the available balance of TSR is \$7,296.7. The Department has carryforward language in the operating budget to retain the balance of these receipts.</p> <p>The FY25 revenue was reported at \$2,613.2, and FY25 expenditures from the fund were \$922,725. There is currently \$1,550.9 of TSR authority in the FY26 Operating Budget, all of which is in DNR.</p>

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**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: DPS</b>	

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	[5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Public Safety</b>								
Fire and Life Safety	7,769.8	7,769.8	7,769.8	7,928.1	7,928.1	158.3	2.0 %	0.0
Alaska State Troopers	213,877.3	213,877.3	213,877.3	215,842.1	218,181.4	4,304.1	2.0 %	2,339.3 1.1 %
Village Public Safety Ops	26,070.1	26,070.1	26,070.1	26,101.4	26,101.4	31.3	0.1 %	0.0
AK Police Standards Council	1,689.7	1,689.7	1,689.7	1,725.1	2,275.1	585.4	34.6 %	550.0 31.9 %
Integrated Victim Assistance	37,902.1	37,902.1	37,902.1	38,095.5	37,503.5	-398.6	-1.1 %	-592.0 -1.6 %
Statewide Support	60,414.9	60,414.9	60,414.9	62,223.0	62,570.4	2,155.5	3.6 %	347.4 0.6 %
<b>Agency Total</b>	<b>347,723.9</b>	<b>347,723.9</b>	<b>347,723.9</b>	<b>351,915.2</b>	<b>354,559.9</b>	<b>6,836.0</b>	<b>2.0 %</b>	<b>2,644.7 0.8 %</b>
<b>Statewide Total</b>	<b>347,723.9</b>	<b>347,723.9</b>	<b>347,723.9</b>	<b>351,915.2</b>	<b>354,559.9</b>	<b>6,836.0</b>	<b>2.0 %</b>	<b>2,644.7 0.8 %</b>
<b>Funding Summary</b>								
Unrestricted General (UGF)	280,932.0	280,932.0	280,932.0	284,785.7	286,618.7	5,686.7	2.0 %	1,833.0 0.6 %
Designated General (DGF)	9,335.6	9,335.6	9,335.6	9,434.2	9,984.2	648.6	6.9 %	550.0 5.8 %
Other State Funds (Other)	16,199.2	16,199.2	16,199.2	16,342.7	16,604.4	405.2	2.5 %	261.7 1.6 %
Federal Receipts (Fed)	41,257.1	41,257.1	41,257.1	41,352.6	41,352.6	95.5	0.2 %	0.0

**Department of Public Safety**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska State Troopers / Alaska State Trooper Detachments	Continue Program for Body-Worn and In-Car Camera Operations and Equipment Previously Funded in the Capital Budget	\$1,303.0 Gen Fund (UGF) <b>Inc</b>	<p>This FY27 Increment will be used to support annual lifecycle costs of the body-worn and in-car camera program. This includes new purchases, replacement of equipment, annual warranties, and required hardware refresh to maintain operational reliability and evidentiary compliance. According to the Department, body-worn and in-car camera hardware has a limited service life due to heavy daily use, environmental exposure, and technology obsolescence, and replacement is estimated at approximately 20% of devices annually. The Department states these equipment and warranty costs are not fully addressed by prior operating budget Increments that supported data storage, connectivity, and public records staffing.</p> <p>In FY23, a supplemental capital project of <b>\$3,586.3 Unrestricted General Funds (UGF) and \$938.0 Federal Receipt authority</b> was approved to start a body-worn and in-car camera program for public safety officers. The Department states that the capital project's remaining \$978.6 of UGF is fully obligated in FY26.</p> <p>Four previous operating Increments related to the body-worn and in-car camera program totaling <b>\$1,685.2 UGF and \$160.0 General Fund Program Receipts (GF/PR)</b> are listed below:</p> <ul style="list-style-type: none"> <li><b>-\$631.5 UGF</b> added to AST Detachments in FY23 to expand Alaska State Trooper in-car video storage services;</li> <li><b>-\$582.0 UGF</b> added to AST Detachments in FY24 from a Temporary Increment (FY24-FY28) to expand internet connectivity in rural posts;</li> <li><b>-\$471.7 UGF and four positions</b> added to the Commissioner's Office in FY24 to fund an Information Systems Coordinator and three Criminal Justice Technicians in the Commissioner's Office to assist the Public Information Office with requests related to body-worn cameras;</li> <li><b>-\$160.0 GF/PR and one Investigator position</b> added to Alaska Police Standards Council in FY25 for increased demand related to body-worn cameras.</li> </ul> <p>The legislature also denied an FY25 request for one additional Criminal Justice Technician in the Commissioner's office to assist the Public Information Office with requests related to body-worn cameras.</p>

**Department of Public Safety**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Various	Information Technology Classification Study Implementation	<b>Total: \$373.7</b> \$360.8 Gen Fund (UGF) \$12.9 I/A Repts (Other) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Public Safety, the request includes increments in various allocations that will apply to 18 positions located across the state.</p>
3	Alaska State Troopers / Alaska Bureau of Investigation	Provide Investigative Support to Department of Law in Domestic Violence and Sexual Assault Cases	\$1,000.0 I/A Repts (Other) <b>Inc</b>	<p>Interagency Receipt authority is added for a Reimbursable Services Agreement (RSA) with the Department of Law to provide investigative support on domestic violence and sexual assault cases.</p> <p>Law received an FY25 Increment of <b>\$1,142.9</b> UGF in the Criminal Division to add six full-time investigators for this purpose but they were unable to fill the Investigator Positions added in their agency. An agreement was reached to contract those resources from Public Safety instead.</p> <p>In FY26 Management Plan the Department of Public Safety added six non-permanent State Trooper Investigators in Anchorage to perform this work, and six Investigator 5 positions were deleted from the Criminal Division in the Department of Law.</p>
4	Alaska Police Standards Council / Alaska Police Standards Council	Expand Training and Cert. Support for Law Enforcement and Village Police and Renew Training Records System Contract	\$550.0 GF/Prgm (DGF) <b>Inc</b>	<p>The Alaska Police Standards Council currently budgets \$720.0 in support of Public Safety Officer training. This request allows the council to use additional GF/PR generated from processing fees on certification applications and surcharges for certain traffic violations to expand current training programs. <b>\$150.0</b> of this request will be used to expand Village Police Officer access to rural training programs, and <b>\$250.0</b> will be used to expand general training</p>

**Department of Public Safety**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Alaska Police Standards Council / Alaska Police Standards Council	Expand Training and Cert. Support for Law Enforcement and Village Police and Renew Training Records System Contract	\$550.0 GF/Prgm (DGF) <b>Inc</b>	<p>(continued) scholarship capacity for Troopers and other Public Safety Officers.</p> <p>The remaining <b>\$150.0</b> of this request is to continue an existing annual contract for a certification and training records tracking system that has been in place since FY20. The Department did not previously receive an increment for this contract. According to the Department this contract has substantially reduced the administrative burden associated with manual verification of required certifications before hiring or promoting public safety officers, but effectively this increment frees funding up for additional Public Safety Officer training scholarships.</p> <p>At the end of FY25 the Department had nearly \$2.2 million in carryforward receipt revenues.</p>
5	Integrated Victim Assistance / Council on Domestic Violence and Sexual Assault	Add General Funds to Replace Reduced Statutory Distribution of Restorative Justice Account Funding	<b>Net Zero</b>  \$169.2 Gen Fund (UGF) (\$169.2) Rest Just (Other) <b>FndChg</b>	<p>The amount of Restorative Justice Account funding (AS 43.23.048) available for appropriation each year is calculated to represent the sum of Permanent Fund Dividends forfeited by Alaskans sentenced or incarcerated for felonies and certain misdemeanors in the qualifying calendar year. The appropriation reduces the amount of the Permanent Fund Dividend distribution to eligible Alaskans.</p> <p>In FY26, the amount available for appropriation was based on 8,238 ineligible Alaskans and a \$1,702 dividend for the qualifying 2023 calendar year, and in FY27 the amount in the Governor's request is based on 8,379 ineligible Alaskans and a \$1,000 dividend for the qualifying 2024 calendar year.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p>12% - Crime Victims Comp. Fund (10-13%)  3% - Legislature - Office of Victims' Rights (2-6%)  <b>3% - Public Safety - Nonprofit Services for Crime Victims (1-3%)</b>  3% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)  79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p> <p>For the Council on Domestic Violence and Sexual</p>

**Department of Public Safety**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Integrated Victim Assistance / Council on Domestic Violence and Sexual Assault	Add General Funds to Replace Reduced Statutory Distribution of Restorative Justice Account Funding	<b>Net Zero</b>  \$169.2 Gen Fund (UGF) (\$169.2) Rest Just (Other) <b>FndChg</b>	<p>(continued)</p> <p>Assault, these funds are used to supplant UGF that supports prevention services, victim advocacy, and grant support for nonprofit emergency shelters and victim service providers. A reduction in the amount available is frequently offset by a fund source change to general funds.</p> <p><b>Items 5 and 6 are related.</b></p>
6	Integrated Victim Assistance / Violent Crimes Compensation Board	Decrease Authority Due to Reduced Restorative Justice Funds Used to Capitalize Crime Victim Compensation Fund	<b>(\$592.0) Crime VCF (Other) Dec</b>	<p>The Crime Victims Compensation fund is capitalized with Restorative Justice Account funding. See <b>Item 5</b> for more information about the fund source.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p><b>12% - Crime Victims Comp. Fund (10-13%)</b>          3% - Legislature - Office of Victims' Rights (2-6%)          3% - Public Safety - Nonprofit Services for Crime Victims (1-3%)          3% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)          79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p> <p>The Governor's FY27 proposed amount for the Crime Victims Compensation Fund available to the Violent Crimes Compensation Board is 35% lower than the FY26 Enacted amount. This will reduce the funding available for Public Safety's grants to crime victim survivors. The Violent Crimes Compensation Board provides financial assistance to victims of violent crime as a payer of last resort, reimbursing eligible expenses not otherwise covered by insurance, restitution, or other available resources.</p> <p><b>Items 5 and 6 are related.</b></p>
7	Statewide Support / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>3 PFT Positions ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 PFT positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p>

**Department of Public Safety**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Statewide Support / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>3 PFT Positions</b> <b>ATrIn</b>	<p>(continued)</p> <p>Specifically for the Department of Public Safety, three PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Accountant 5, range 22, located in Anchorage;</li> <li>-Accounting Technician 2, range 14, located in Anchorage;</li> <li>-Accounting Technician 2, range 14, located in Juneau.</li> </ul> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
8	Statewide Support / Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>3 PFT Positions</b> <b>ATrIn</b>	<p>After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this function, while the remaining agencies opted to continue with the existing centralized processing and oversight within DOA.</p> <p>Under the Governor's FY27 budget proposal, 40 PFT positions will be transferred to seven different agencies (see DOA for list of all agencies).</p> <p>Specifically for the Department of Public Safety, three PFT positions would be transferred as follows:</p> <ul style="list-style-type: none"> <li>-Payroll Services Supervisor, range 17, located in Juneau;</li> <li>-Human Resource Technician 2, range 14, located in Juneau;</li> <li>-Human Resource Technician 2, range 14, located in Juneau.</li> </ul> <p>At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.</p>

**Department of Public Safety**  
**FY27 - Summary of Significant Capital Budget Issues**  
**(\\$ Thousands)**

Item	Capital Project Title/ Category	Amount/Fund Source	Comment
1	Public Safety Proceeds of Sale from Vessels and Parts	<b>Total: \$150.0</b> \$150.0 GF/Prgm Rcpts (DGF)	<p>This capital request allows the Department of Public Safety (DPS) to use the receipts from the sale of vehicle assets for renewal, replacement, and maintenance of existing <b>water vessels</b>.</p> <p>Historically DPS has used general funds for this type of maintenance activity: In FY24 and FY25 the legislature approved \$1,500.0 and \$2,775.0 UGF respectively for scheduled and unscheduled maintenance on vessels. The third and final year of the multi-phase project was withdrawn by the Governor after oil prices dropped, and additional funding from the legislature of \$600.0 AIDEA reserves was vetoed. In FY23, \$500.0 UGF was added to the base operating budget for vessel maintenance.</p> <p><b>Legislative Fiscal Analyst Comment:</b> The funding for these projects does not meet the statutory definition of a capital project (AS 37.07.120(4)) as it does not create a capital asset and would be more appropriately reflected in the operating budget. A program receipt appropriation with carryforward language in the operating budget could be used to similar effect.</p>
2	Public Safety Proceeds of Sale from Aircrafts and Parts	<b>Total: \$150.0</b> \$150.0 GF/Prgm Rcpts (DGF)	<p>This capital request allows the Department of Public Safety (DPS) to use the receipts from the sale of vehicle assets for renewal, replacement, and maintenance of existing <b>aircrafts</b>.</p> <p>Historically DPS has used general funds for this type of maintenance activity: In FY25 the legislature approved \$1,900.0 UGF as the first of a five-year ongoing annual request to address repair and maintenance of the Department's aircraft fleet totaling \$7,500.0. The second year of funding was withdrawn by the Governor in FY26 after oil prices dropped, and additional funding from the legislature of \$600.0 AIDEA reserves was vetoed. In FY23, \$1,800.0 UGF was added to the base operating budget for aircraft maintenance.</p>

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**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

Numbers and Language	
Agencies: Rev	

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	26MgtPIn to [5] - [3] Gov	[5] - [4] AdjBase to Gov
<b>Revenue</b>							
Taxation and Treasury	90,453.5	90,453.5	90,453.5	92,110.8	106,510.6	16,057.1	17.8 %
Child Support Enforcement	29,929.0	29,929.0	29,929.0	30,885.3	30,989.6	1,060.6	3.5 %
Administration and Support	8,894.4	8,894.4	8,894.4	9,117.8	9,274.3	379.9	4.3 %
Mental Health Trust Authority	6,758.8	6,758.8	6,758.8	6,961.1	7,260.8	502.0	7.4 %
AK Muni Bond Bank Authority	1,412.2	1,412.2	1,412.2	1,421.7	1,421.7	9.5	0.7 %
AK Housing Finance Corporation	139,638.2	197,359.9	197,359.9	120,519.6	120,029.5	-77,330.4	-39.2 %
AK Permanent Fund Corporation	215,165.7	215,165.7	215,165.7	228,401.7	210,148.1	-5,017.6	-2.3 %
APFC Anchorage Office	0.1	0.0	0.0	0.0	0.0	0.0	0.0
APFC IT and Software Licensing	12,465.7	12,465.7	12,465.7	0.0	0.0	-12,465.7	-100.0 %
<b>Agency Total</b>	<b>504,717.6</b>	<b>562,439.2</b>	<b>562,439.2</b>	<b>489,418.0</b>	<b>485,634.6</b>	<b>-76,804.6</b>	<b>-13.7 %</b>
<b>Statewide Total</b>	<b>504,717.6</b>	<b>562,439.2</b>	<b>562,439.2</b>	<b>489,418.0</b>	<b>485,634.6</b>	<b>-76,804.6</b>	<b>-13.7 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	37,269.1	37,269.1	37,269.1	37,646.2	37,737.6	468.5	1.3 %
Designated General (DGF)	2,673.9	2,673.9	2,673.9	2,755.4	2,758.3	84.4	3.2 %
Other State Funds (Other)	350,961.0	378,589.5	378,589.5	353,919.2	349,974.6	-28,614.9	-7.6 %
Federal Receipts (Fed)	113,813.6	143,906.7	143,906.7	95,097.2	95,164.1	-48,742.6	-33.9 %

**Department of Revenue**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Various	Information Technology Classification Study Implementation	<b>Total: \$336.0</b> \$58.5 Fed Rcpts (Fed) \$34.4 GF/Match (UGF) \$77.7 Gen Fund (UGF) \$7.3 GF/Prgm (DGF) \$9.0 I/A Rcpts (Other) \$8.4 CSSD Fed (Fed) \$0.1 Group Ben (Other) \$0.1 IntAirport (Other) \$139.7 PFD Fund (Other) \$0.6 Pub School (Other) \$0.2 High Ed (DGF) <b>Inc</b>	<p>The Department of Administration (DOA) commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by between one and three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Revenue, the request includes Increments in various allocations that will apply to 18 positions located in Juneau and Anchorage.</p> <p><b>Fiscal Analyst Comment:</b> The Governor's Office reports that exempt employees were not included in the Governor's budget scenario for the preliminary findings of the IT Classification Study. When the study is finalized, agencies with exempt IT employees may consider whether changes are needed for their own employees and determine any associated costs.</p> <p>As of FY26 Management Plan, the Alaska Permanent Fund Corporation (APFC) appears to have four exempt employees whose positions are relevant to the IT Classification Study. The Alaska Housing Finance Corporation (AHFC) also appears to have various relevant exempt positions.</p>

**Department of Revenue**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Various	Delete Long-Term Vacant Positions	<b>Total: (\$834.9)</b> (\$20.7) Gen Fund (UGF) (\$185.4) I/A Repts (Other) (\$2.3) Group Ben (Other) (\$2.7) IntAirport (Other) (\$111.4) CIP Repts (Other) (\$11.5) Pub School (Other) (\$378.7) AHFC Repts (Other) (\$117.6) PF Gross (Other) (\$4.6) High Ed (DGF) <b>(4) PFT Positions Dec</b>	The Governor's request removes PCNs and associated funding for the following positions: <b>Taxation and Treasury, Treasury Division:</b> remove a State Comptroller position and \$227.2. <b>Alaska Housing Finance Corporation, AHFC Operations:</b> remove \$490.1, a Senior System Administrator and a Manager, Energy Contract/Grant Position, both located in Anchorage. <b>Alaska Permanent Fund Corporation, APFC Operations:</b> remove \$117.6 and an Investment Operations Analyst position.
3	Taxation and Treasury / Alaska Retirement Management Board	Add Authority for Outside Legal Services Through the Department of Law (FY27-FY28)	<b>Total: \$150.0</b> \$68.1 Group Ben (Other) \$52.8 PERS Trust (Other) \$27.8 Teach Ret (Other) \$1.1 Jud Retire (Other) \$0.2 Nat Guard (Other) <b>IncT</b>	The Department of Law (Law) provides all legal services to the Alaska Retirement Management Board (ARMB) for investment due diligence. As Law lacks subject matter expertise in private investments, Law has contracted with outside legal counsel on behalf of AMRB. This two-year Temporary Increment allows ARMB to fund Law's contract with outside legal counsel.
4	Taxation and Treasury / Alaska Retirement Management Board Custody and Management Fees	External Management Profit Sharing Fees	<b>Total: \$13,600.0</b> \$6,736.1 Group Ben (Other) \$4,490.7 PERS Trust (Other) \$2,278.0 Teach Ret (Other) \$81.6 Jud Retire (Other) \$13.6 Nat Guard (Other) <b>Inc</b>	This language is requested due to new profit-sharing agreements with public equities investment managers. This language facilitates a payment at the end of FY27, which is dependent on performance. <b>Fiscal Analyst Comment:</b> It is unclear why an estimated amount is needed for these agreements when other fees are paid through the numbers section.

**Department of Revenue**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Taxation and Treasury / Permanent Fund Dividend Division	Recurring Cloud Server, Data Hosting, and Infrastructure Costs for New Dividend Application Information System	\$611.6 PFD Fund (Other) <b>Inc</b>	<p>The legislature appropriated a total of \$11,975.0 in capital funding through a phased approach in FY25 and FY26 to replace the Dividend Application Information System (DAIS). The Department anticipates that development of the DAIS will be completed in July 2026. This Increment funds ongoing hosting costs in the State of Alaska's Microsoft Azure Native tenant.</p>
6	Administration and Support / Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b>  <b>1 PFT Position</b> <b>ATrIn</b>	<p>The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.</p> <p>The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 PFT positions supporting accounts payable, travel, and expense activities would be transferred to agencies.</p> <p>For the Department of Revenue, an Accounting Clerk, located in Anchorage, is transferred from DOA.</p> <p>Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.</p>
7	Alaska Permanent Fund Corporation / APFC Operations	Increase Authority for Incentive Compensation	\$860.0 PF Gross (Other) <b>Inc</b>	<p>This item fully funds the maximum possible payments under APFC's incentive compensation policy. Maximum bonuses as a percentage of salary range from 5% to 15% for operations staff, and from 25% to 50% for investment staff. Bonuses are paid based on performance relative to benchmarks. If the calculated distribution is less than the amounts appropriated, the undistributed portion will remain in the Earnings Reserve Account.</p> <p><b>Fiscal Analyst Comment:</b> The incentive compensation program began in FY22, with \$890.0 of funding. Total funding increased to \$1,600.0 in FY23 and \$2,800.0 in FY24. The FY25 budget began extending incentive compensation to operations staff, bringing total program funding to \$3,245.0.</p> <p>The Governor's FY26 proposal included an additional \$810.0 for to fully fund incentive compensation, but the Increment was denied by the legislature. The FY26 Enacted budget included \$3,245.0 for incentive compensation (\$2,800.0 for investment staff and \$445.0 for operations staff).</p>

**Department of Revenue**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Alaska Permanent Fund Corporation / APFC Operations	Add Authority for Increases to Firewall Licensing Costs and Department of Revenue Chargebacks	\$384.1 PF Gross (Other) <b>Inc</b>	<p>The Governor's proposal includes the following changes to contractual costs, leading to a net <b>\$384.1</b> Increment:</p> <ol style="list-style-type: none"> <li><b>\$347.6</b> for increased licensing fees for the CISCO firewall. The firewall is being installed in FY26 and provides heightened network and data security.</li> <li><b>\$55.8</b> for increased chargebacks for state support services and increased costs for records retention.</li> <li><b>(\$23.0)</b> to true up estimated costs for the annual audit.</li> <li><b>(\$5.1)</b> to reflect lower anticipated printing costs.</li> <li><b>(\$8.0)</b> for reduced board meeting transcription and room rental costs, partially offset by increased catering costs.</li> <li><b>\$8.8</b> for increased costs of posting job recruitments.</li> <li><b>\$8.0</b> for increased training costs.</li> </ol>
9	Alaska Permanent Fund Corporation / APFC Operations	Annual Maintenance and Equipment Replacement Costs for Juneau and Anchorage Data Centers	\$307.0 PF Gross (Other) <b>Inc</b>	<p>This Increment funds replacement of APFC's Juneau and Anchorage datacenter equipment, which has reached end-of-life, as well as ongoing maintenance costs. Information Technology best practices call for having datacenters in two separate locations, and the Anchorage datacenter is needed regardless of whether APFC maintains an Anchorage office.</p> <p>The FY26 Enacted budget reduced APFC information technology and software licensing funding by \$1,282.4 below the FY25 budgeted amount. A portion of this Increment restores maintenance funding reduced in FY26.</p>
10	Alaska Permanent Fund Corporation / APFC Operations	Add Authority for Cyclical Workstation Replacement Costs	\$195.9 PF Gross (Other) <b>IncOTI</b>	APFC replaces employee workstations (including laptops, monitors and docking stations) on a three-year rotating schedule. This One-Time Increment is due to a higher proportion of workstations being scheduled for replacement in FY27.
11	Alaska Permanent Fund Corporation / Various	Return Alaska Permanent Fund Corporation to Single Appropriation	<b>Struct</b>	<p>Prior to FY25, the Alaska Permanent Fund Corporation (APFC) was a single appropriation. The FY25 Enacted budget moved the APFC Investment Management Fees allocation to a separate appropriation and renamed the Alaska Permanent Fund Corporation appropriation to "Alaska Permanent Fund Corporation Juneau Office Operations."</p> <p>For FY26, the Governor proposed returning APFC to a single appropriation, and renaming the appropriation to "Alaska Permanent Fund Corporation." The legislature rejected the Governor's proposal and separated funding into three appropriations: APFC Investment Management Fees, APFC Juneau Office</p>

**Department of Revenue**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Alaska Permanent Fund Corporation / Various	Return Alaska Permanent Fund Corporation to Single Appropriation	Struct	<p>(continued)</p> <p>Operations, and APFC IT and Software Licensing.</p> <p>The Governor's FY27 proposal renames the APFC Juneau Operations appropriation and allocation to "Alaska Permanent Fund Corporation" and "APFC Operations", respectively. The APFC Investment Management Fees appropriation is moved into a separate allocation in the APFC Operations appropriation. The APFC IT and Software Licensing appropriation is eliminated, with funding transferring to APFC Operations and APFC Investment Management Fees.</p>
12	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Reduce Authority to Align with Projected Investment Management Fees	(\$19,990.7) PF Gross (Other) Dec	<p>Investment fees are estimated based on fund value projections and performance. APFC historically requests sufficient authority to ensure that it can meet its obligations to external parties in a range of market outcomes. This Decrement reflects projected management fees based on historical actuals and Callan's capital markets assumptions.</p>
13	Alaska Permanent Fund Corporation / Facilities Rent Non-State Owned	Add Authority for Previously Unbudgeted Anchorage Lease Costs and Increased Juneau Lease Costs	\$66.0 PF Gross (Other) Inc	<p><b>\$32.0</b> of the Increment funds lease cost increases in the Juneau Office. APFC owns the Michael J. Burns building in Juneau, but APFC pays itself rent to support a clear delineation of investment revenues and operating costs.</p> <p><b>\$34.0</b> of the Increment adds previously unbudgeted costs for the Anchorage office at 555 Cordova Street.</p> <p><b>Fiscal Analyst Comment:</b> The legislature's FY25 and FY26 Enrolled budgets created a separate Alaska Permanent Fund Corporation Anchorage Office Operations appropriation, with a \$0.1 One-Time Increment to decommission the Anchorage office. The Governor vetoed the appropriation in both FY25 and FY26, including the \$0.1 funding. The FY26 Enacted budget included legislative intent stating that APFC should decommission the Anchorage office. The Anchorage office remains open.</p>

**Department of Revenue**  
**FY27- Summary of Significant Capital Budget Issues**  
**(\$ Thousands)**

Item	Capital Project Title/ Category	Amount/Fund Source	Comment
1	Projects Matching AHFC and MH Trust Board Requests	<b>Total: \$72,985.0</b> \$59,750.0 Fed Rcpts (Fed) \$135.0 MHTAAR (Other) \$5,000.0 Stat Desig (Other) \$8,100.0 AHFC Div (UGF)	The Governor's FY27 budget includes nine capital projects that match requests put forward by the Alaska Housing Finance Corporation (AHFC) Board of Directors and Mental Health Trust Authority (Trust) Board of Trustees.  <b>Fiscal Analyst Comment:</b> AHFC Dividend capital requests fluctuate based on dividend size.
2	MH Trust: AHFC Beneficiary and Special Needs Housing	<b>Total: \$1,950.0</b> \$200.0 MHTAAR (Other) \$1,750.0 AHFC Div (UGF)	The Trust and AHFC Board recommendations included \$200.0 Mental Health Trust Authority Authorized Receipts (MHTAAR), \$1,750.0 GF/MH, and \$1,750.0 AHFC Dividends. The Governor's budget omits the recommended GF/MH funding. The program provides competitive grants to entities developing housing for Trust beneficiaries.  <b>Fiscal Analyst Comment:</b> GF/MH and AHFC Dividend are both Unrestricted General Funds.
3	MH Trust: AHFC Homeless Assistance Program	<b>Total: \$5,000.0</b> \$950.0 MHTAAR (Other) \$4,050.0 AHFC Div (UGF)	The Trust and AHFC Board recommendations included a total of \$10,150.0, made up of \$950.0 Mental Health Trust Authority Authorized Receipts (MHTAAR), \$2,850.0 GF/MH, and \$6,350.0 AHFC Dividends. The Governor's budget matched MHTAAR funding, omitted GF/MH funding, and reduced AHFC Dividend Funding to \$4,050.0. The program provides competitive grant awards to entities providing emergency housing or services to prevent homelessness.
4	AHFC Rural Professional Housing	<b>Total: \$5,000.0</b> \$500.0 Fed Rcpts (Fed) \$500.0 Stat Desig (Other) \$4,000.0 AHFC Div (UGF)	The Governor's budget funded \$4,000.0 of the AHFC Board's recommendation of \$10,550.0 AHFC Dividend funding. The Governor's budget matched AHFC's recommendation for the remaining fund sources. The program provides grant funding to local governments or other entities building or rehabilitating rural housing. The housing must be intended for teachers, health care, or public safety professionals.

**Department of Revenue**  
**FY27- Summary of Significant Capital Budget Issues**  
**(\$ Thousands)**

Item	Capital Project Title/ Category	Amount/Fund Source	Comment
5	AHFC Board Recommendations not included in Governor's Request	n/a	<p>The Governor's request omitted the following items from the AHFC Board recommendations:</p> <p><b>\$500.0</b> in AHFC Dividends for Building Science and Energy Efficiency Activities</p> <p><b>\$4,000.0</b> in AHFC Dividends for the Statewide Housing Development Fund to facilitate housing development on land owned by State agencies.</p>
6	AHFC Senior Citizens Housing Development Program	\$3,000.0 AHFC Div (UGF)	AHFC's Board request included \$4,000.0 AHFC Dividend funds for this ongoing program. The Governor's budget includes partial \$3,000.0 funding of the request. The program provides incentives to develop housing for low and middle-income seniors. AHFC provides grant funding to subsidize developments that would otherwise not be financially feasible. Grant recipients may be regional housing authorities, municipalities, or private entities.
7	AHFC Energy Programs Weatherization	<b>Total: \$5,000.0</b> \$3,000.0 Fed Rcpts (Fed) \$2,000.0 AHFC Div (UGF)	AHFC's Board request included \$3,000.0 Federal receipts and \$3,000.0 AHFC Dividend funding. The Governor's budget reduces the AHFC Dividend funding to \$2,000.0. This ongoing program provides weatherization upgrades to existing homes. Homeowners and renters who meet income limits may apply to the program.

**2026 Legislature - Operating Budget  
Appropriation Summary - FY27 Governor Structure**

**Numbers and Language**  
**Agencies: DOT/PF**

Appropriation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	[5] - [3] 26MgtPIn to Gov	[5] - [4] AdjBase to Gov
<b>Transportation</b>							
Division of Facilities Services	104,807.1	104,807.1	104,807.1	105,522.7	112,761.0	7,953.9	7.6 %
Administration and Support	67,802.3	67,802.3	67,802.3	61,915.3	60,114.6	-7,687.7	-11.3 %
Design, Engineering & Constr	138,105.4	138,105.4	138,105.4	149,953.3	149,127.7	11,022.3	8.0 %
State Equipment Fleet	40,032.4	40,032.4	40,032.4	40,724.9	41,224.9	1,192.5	3.0 %
Highways/Aviation & Facilities	172,061.4	172,061.4	172,061.4	173,696.0	182,524.3	10,462.9	6.1 %
International Airports	128,382.8	128,382.8	128,382.8	130,694.4	130,828.8	2,446.0	1.9 %
Marine Highway System (CY)	175,780.1	175,780.1	175,780.1	171,438.8	171,463.0	-4,317.1	-2.5 %
<b>Agency Total</b>	<b>826,971.5</b>	<b>826,971.5</b>	<b>826,971.5</b>	<b>833,945.4</b>	<b>848,044.3</b>	<b>21,072.8</b>	<b>2.5 %</b>
<b>Statewide Total</b>	<b>826,971.5</b>	<b>826,971.5</b>	<b>826,971.5</b>	<b>833,945.4</b>	<b>848,044.3</b>	<b>21,072.8</b>	<b>2.5 %</b>
<b>Funding Summary</b>							
Unrestricted General (UGF)	182,773.3	182,773.3	182,773.3	178,769.8	184,449.1	1,675.8	0.9 %
Designated General (DGF)	75,333.8	75,333.8	75,333.8	76,143.1	79,905.8	4,572.0	6.1 %
Other State Funds (Other)	480,343.3	480,343.3	480,343.3	490,139.9	494,782.3	14,439.0	3.0 %
Federal Receipts (Fed)	88,521.1	88,521.1	88,521.1	88,892.6	88,907.1	386.0	0.4 %

## Department of Transportation and Public Facilities

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration and Support / Commissioner's Office	Delete Positions Across the Department	<b>Total: (\$3,512.8)</b> (\$496.6) Gen Fund (UGF) (\$33.4) GF/Prgm (DGF) (\$159.2) I/A Rcpts (Other) (\$30.7) HwyCapital (Other) (\$63.6) IntAirport (Other) (\$2,527.7) CIP Rcpts (Other) (\$80.1) Marine Hwy (DGF) (\$121.5) AirptRcpt (Other) <b>(20) PFT Positions</b> <b>(2) TMP Positions</b> <b>Dec</b>	<p>The Governor's budget is deleting 22 positions (nine of which are filled as of the budget release) at a time when the Department has a substantial vacancy rate. The Governor's budget transactions do not provide specific explanation or rationale for which positions are deleted and what services or functions may be affected.</p> <p>Many of these positions have union contract protections which include rehire and bumping rights. At this point the Department has not provided any sort of layoff plan, so it is not clear what will happen to individuals currently in these roles. Actual layoffs could lead to a number of other employees, particularly those in long term non-permanent positions in the same job class, being vacated from their position in order to make room for union members with more layoff points or seniority. This has the potential to cause a cascading effect that only ends when each lower classification in the job series is exhausted.</p> <p>This includes the positions in the following three locations:</p> <p><b>Anchorage</b>            Deputy Commissioner (vacant)            Non-Perm Maintenance &amp; Operations Coordinator (vacant)            Non-Perm Change Management Director            Data Processing Manager 1            Engineering Assistant 3            Division Director (Central Design, Engineering, and Construction) (vacant)            Right-Of-Way Agent 1 (vacant)            Engineer/Architect 3            Maintenance &amp; Operations Superintendent (vacant)            Administrative Assistant 1 (vacant)</p> <p><b>Juneau</b>            Grants Administrator 2 (vacant)            Program Coordinator 2            Transportation Planner 3 (vacant)            Administrative Assistant 2 (vacant)            Administrative Assistant 1 (vacant)</p> <p><b>Fairbanks</b>            Accounting Technician 1 (vacant)</p>

## Department of Transportation and Public Facilities

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration and Support / Commissioner's Office	Delete Positions Across the Department	<b>Total: (\$3,512.8)</b> (\$496.6) Gen Fund (UGF) (\$33.4) GF/Prgm (DGF) (\$159.2) I/A Rcpts (Other) (\$30.7) HwyCapital (Other) (\$63.6) IntAirport (Other) (\$2,527.7) CIP Rcpts (Other) (\$80.1) Marine Hwy (DGF) (\$121.5) AirptRcpt (Other) <b>(20) PFT Positions</b> <b>(2) TMP Positions</b> <b>Dec</b>	(continued) Analyst/Programmer 5 Analyst/Programmer 4 Administrative Assistant 2 (vacant) Office Assistant 2 Airport Leasing Specialist 1 (vacant) Program Coordinator 2  <b>Fiscal Analyst Comment:</b> Deleting filled positions is usually treated as a last resort when there are unfilled positions of the same job class in the same physical location. While the Department may be reorganizing and eliminating the job duties of these particular positions, it does have the ability to transfer employees into similar positions or simply change their job duties to meet other needs within the Department without facing the legal complications that deleting a filled position can cause under collective bargaining agreements. Under collective bargaining contracts the Department cannot legally lay off an employee when there is a non-perm in that job class within the Department.
2	Administration and Support / Statewide Administrative Services	Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities	<b>Net Zero</b> <b>15 PFT Positions</b> <b>ATrIn</b>	The Shared Services of Alaska Division in the Department of Administration (DOA) is eliminated in the Governor's FY27 budget, and the Division's functions are redistributed.  The Accounting allocation is divided and reassigned to individual agencies and the Division of Finance within the Department of Administration. All 57 Permanent Full-Time (PFT) positions supporting accounts payable, travel, and expense activities would be transferred to agencies.  Specifically for the Department of Transportation and Public Facilities, 10 PFT positions located in Anchorage would be transferred and an additional 5 PFT positions located in Juneau.  Funding for these positions remained with the agencies during the original consolidation, therefore no funding will accompany the position transfers.
3	Administration and Support / Statewide Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b> <b>17 PFT Positions</b> <b>ATrIn</b>	After several years of challenges in payroll processing, the Office of Management and Budget surveyed all agencies to determine which wanted to resume payroll responsibilities. Seven agencies, several with complex bargaining unit agreements, requested to reclaim this

## Department of Transportation and Public Facilities

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Administration and Support / Statewide Administrative Services	Transfer Positions from Administration for Payroll Services	<b>Net Zero</b>  <b>17 PFT Positions</b> <b>ATrIn</b>	<p>(continued) function, while the remaining agencies opted to continue with the existing centralized processing and oversight within the Department of Administration (DOA).</p> <p>Under the Governor's FY27 budget proposal, 40 Permanent Full-Time (PFT) positions will be transferred to seven different agencies (see DOA for list of all agencies). Specifically for the Department of Transportation and Public Facilities, 11 PFT positions located in Juneau, and another 6 PFT located in Anchorage will be transferred.</p> <p>DOA has previously transferred 5 positions back to the Department for Alaska Marine Highway System payroll in FY25.</p> <p>At the time of the original centralization, only the payroll positions were transferred to DOA, while funding remained within the originating agencies and was paid to DOA through a rate-based chargeback. Therefore, only positions are returned to the requesting agencies.</p>
4	Administration and Support / Various	Information Technology Classification Study Implementation	<b>Total: \$547.7</b> \$14.5 Fed Rcpts (Fed) \$66.1 Gen Fund (UGF) \$40.3 I/A Rcpts (Other) \$7.6 HwyCapital (Other) \$121.7 IntAirport (Other) \$259.6 CIP Rcpts (Other) \$37.3 Marine Hwy (DGF) \$0.6 PublicBldg (Other) <b>Inc</b>	<p>DOA commissioned an Information Technology (IT) classification study to better assess the labor market, as the State has faced ongoing challenges in attracting and retaining IT professionals.</p> <p>Although the study has not yet been finalized, the Governor's FY27 budget request includes \$7.9 million in Increments across all agencies, including \$1.9 million in unrestricted general funds (UGF). The Office of Management and Budget (OMB) developed estimated implementation costs for the IT classification study based on preliminary information provided by DOA. Data supplied by OMB indicate that most IT positions were reclassified upward by one to three salary ranges. The actual amounts needed to implement the study may need to be adjusted when the study is finalized.</p> <p>Specifically for the Department of Transportation and Public Facilities, the request includes five Increments totaling \$547.7 from a variety of fund sources that will apply to 31 positions - located in Fairbanks, Anchorage, Juneau, and Ketchikan.</p>

## Department of Transportation and Public Facilities

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Highways, Aviation and Facilities / Various	Create Two New Allocations in Highways and Aviation Appropriation Funded with Motor Fuel Tax	\$2,188.9 Motor Fuel (DGF) Inc	<p>The legislature created two new allocations within the Highways and Aviation appropriation - Statewide Guardrail and Roadside Repair and Statewide Wayside Maintenance - which include increments funded with Motor Fuel Tax revenue of \$1,768.9 and \$420.0, respectively. These Increments increase the Department's agency-wide use of Motor Fuel Tax revenue to \$39.8 million, exceeding the Department of Revenue's fall forecast by \$4.5 million. It is unclear whether the agency is anticipating additional Motor Fuel Tax revenue from the Governor's fiscal plan proposal; however, as currently budgeted, \$4.5 million of the expenditure authority is likely hollow and will need to be addressed in subcommittee. The legislature previously denied a \$1.0 million one-time UGF funding request for the guardrail and roadside repair activity in FY26.</p>
6	Highways, Aviation and Facilities / Various	Restore Highway and Aviation Maintenance Funding Reduced in FY26 Budget	\$5,246.9 Gen Fund (UGF) Inc	<p>The Highways, Aviation and Facilities budget was reduced in two areas in the FY26 budget.</p> <p><b>\$3,000.0 UGF:</b> This reduction coincided with an extension of carryforward language that would allow the Department to carry forward any unspent FY25 funding into FY26. The Department reports that any FY25 carryforward was not sufficient to make up for the FY26 reduction.</p> <p><b>\$2,246.9 UGF:</b> This reduction was ostensibly for a 10% State Equipment Fleet (SEF) replacement rate reduction. The Department reports that extending the replacement cycle of vehicles in the SEF to achieve this rate reduction was not feasible.</p>
7	Highways, Aviation and Facilities / Central Region Highways and Aviation	Reverse One-Time Use of the Derelict Vessel Prevention Program Fund to Reduce General Fund	n/a	<p>The Governor's budget includes the reversal of \$1,423.1 in one-time funding in the Adjusted Base but does not replace the fund source, resulting in a reduction from the prior years funding level.</p> <p>While the FY26 Conference Committee expressed an intent to reinstate this UGF funding in the FY27 budget, this will require legislative appropriation in SLA2026.</p> <p><b>Fiscal Analyst Comment:</b> The Department has indicated that this was a technical error and the Governor's amended budget may include the requested UGF increment.</p>

## Department of Transportation and Public Facilities

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Highways, Aviation and Facilities / Northern Region Highways and Aviation	Restore Funding Following a One-Time Use of Alaska Housing Capital Corporation Receipts	\$1,253.9 Gen Fund (UGF) <b>IncM</b>	While the FY26 Conference Committee expressed an intent to reinstate this as UGF funding in the FY27 budget, this will require approval by the legislature in SLA2026.
9	Marine Highway System (Calendar Year) / Various	Maintain Current Level of Marine Highway Budget Authority	<b>Total: \$171,463.0</b>  \$83,299.6 Fed Rcpts (Fed) \$66,366.9 Gen Fund (UGF) \$1,042.2 CIP Rcpts (Other) \$20,754.3 Marine Hwy (DGF)	<p>The Governor's proposed budget maintains AMHS funding at the CY26 level and restructures the appropriation as a multi-year budget covering FY27-FY28. However, as constructed, Legislative Finance estimates the proposal is approximately \$3.7 million below the minimum State support required to maintain eligibility for federal operating grants, while simultaneously authorizing at least \$10.0 million more in federal receipts than is likely available for operating purposes.</p> <p>Over the last several years, the AMHS budget has grown in complexity due to year-by-year variation in federal funding awards (awarded by federal fiscal year rather than calendar year), vessel operability, and available staffing. These constraints have led to a disconnect between budgeted figures and the actual operation of the vessels.</p> <p>The Governor's budget is based on seven vessels running a full schedule, which has not been achieved in recent years due to operations constraints rather than budgetary limitations. The result has been actual expenditures that are significantly lower than budgeted totals. This means that practically, some level of hollow Federal Receipt authority may be immaterial to AMHS operations, but it is difficult to project what level of service will be possible in the future and budgeting a full schedule may signal an intent to return to that level of service.</p> <p>Starting in CY23, federal funding for AMHS operations have been available through the Infrastructure Investment and Jobs Act (IIJA). The act provides up to \$196 million per year over five years in competitive grants that can be used for operating as well as capital needs. The operating portion of the grant is subject to two main constraints: first, Alaska must maintain State support at a minimum of \$69.7 million (75% of the three-year average of spending levels from FY17-19). Second, the amount for operating expenses cannot exceed 50% of the total</p>

## Department of Transportation and Public Facilities

### FY27 - Summary of Significant Operating Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Marine Highway System (Calendar Year) / Various	Maintain Current Level of Marine Highway Budget Authority	<b>Total: \$171,463.0</b> \$83,299.6 Fed Rcpts (Fed) \$66,366.9 Gen Fund (UGF) \$1,042.2 CIP Rcpts (Other) \$20,754.3 Marine Hwy (DGF)	<p>(continued)  operating cost, after deducting expected revenue.</p> <p>The Enacted CY26 budget meets the minimum State support (including backstop language) but the Governor's FY27-28 request is about \$3.7 million below that. Federal Receipt authority in the Governor's budget exceeds the maximum available for operating expenditures by \$10.0 million.</p> <p>The Department has not yet received confirmation of a federal grant for CY26. In CY23-25, the operating grants ranged from \$38.5 million to \$66.0 million, often falling short of the total for which the State is eligible. The timing of these grants creates a budgeting challenge since they are not awarded until after the State's budget process concludes.</p> <p>In past years, the legislature addressed this timing issue by including backstop language that would fill a shortfall in Federal Receipts with general funds, up to a cap (which has changed from year to year, ranging from \$5.0 million to \$20.0 million). The Governor's budget submission does not include backstop language, but the Governor's FY27-28 request exceeds past grant awards by \$17.3 to \$44.8 million.</p> <p>Federal fiscal year 2027 (FFY27) is scheduled to be the last year of the Rural Ferry grant unless Congress extends the program in future legislation. This would lead to the State having to make up the full \$83.3 million Federal Receipt authority with another fund source or drastically reduce the operating budget for AMHS.</p> <p>The Governor's proposed two-year budget would result in the current CY26 budget covering January 2026 through June 30, 2027, and the new request covering July 1, 2026, through June 30, 2028. This creates overlapping budgets for the first six months of FY27 and would require an additional appropriation for FY28 for additional funding. Since future revenue cannot be appropriated in the current budget (per the Alaska Supreme Court's 2022 decision in <i>Dunleavy v. Alaska Legislative Council</i>), a multi-year structure still requires annual overlapping appropriations.</p> <p><b>Fiscal Analyst Comment:</b> Predicting the amount of</p>

**Department of Transportation and Public Facilities**

**FY27 - Summary of Significant Operating Budget Issues**

**(\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
9	Marine Highway System (Calendar Year) / Various	Maintain Current Level of Marine Highway Budget Authority	<b>Total: \$171,463.0</b> \$83,299.6 Fed Rcpts (Fed) \$66,366.9 Gen Fund (UGF) \$1,042.2 CIP Rcpts (Other) \$20,754.3 Marine Hwy (DGF)	<p>(continued)</p> <p>federal operating grant assistance is challenging; due to the delayed federal award for CY26, there may be a significant gap in funding for the year but as of this publication that is still unknown. While Alaska is the only state that meets eligibility requirements, the Secretary of Transportation is granted flexibility to waive those requirements. Because of this, there is no guarantee how much Alaska will receive of the full amount of available grants in any given year. For example, in FFY23, the Secretary granted American Samoa \$21.3 million in capital funding that otherwise would have been available to AMHS.</p> <p>Given AMHS's history of vessel failures and staffing issues there is a high likelihood of it not fully expending the maximum funding granted to the system. Seven vessels are budgeted to run with full service, which is something that AMHS has not been able to do in many years. This led to a 10% budget surplus in CY23. While this extra Federal receipt authority does allow the Department to expend federal funding that was awarded previously and is eligible to be expended in different fiscal years, it could greatly overstate the level of financial support provided to the system in the Governor's FY27-28 budget request.</p>

*Legislative Fiscal Analyst's Overview of the Governor's FY2027 Request*

**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

Numbers and Language
Agencies: Univ

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPIn	[4] AdjBase	[5] Gov	[5] - [3] 26MgtPIn to Gov	[5] - [3] AdjBase to Gov	[5] - [4] AdjBase to Gov
<b>University of Alaska</b>								
University of Alaska								
Systemwide Reduction/Additions	-2,130.5	-2,130.5	1,001.0	11,964.4	68,015.9	67,014.9	>999 %	56,051.5 468.5 %
Systemwide Services	41,803.5	41,803.5	39,846.9	39,628.4	41,628.4	1,781.5	4.5 %	2,000.0 5.0 %
Systemwide Svcs Facility O&M SO	4,980.0	4,980.0	3,678.8	3,678.8	3,678.8	0.0		0.0
Office of Information Technology	21,757.6	21,757.6	24,147.8	23,472.8	23,472.8	-675.0	-2.8 %	0.0
Anchorage Campus	258,894.7	259,205.5	256,620.5	250,870.3	251,626.3	-4,994.2	-1.9 %	756.0 0.3 %
Anchorage Campus Facility O&M SO	26,011.3	26,011.3	25,986.0	25,986.0	25,986.0	0.0		0.0
Small Business Development Ctr	3,701.4	3,701.4	4,479.6	4,479.6	4,479.6	0.0		0.0
Kenai Peninsula College	15,612.2	15,612.2	16,066.4	15,561.0	15,561.0	-505.4	-3.1 %	0.0
Kenai Peninsula Coll Fac O&M SO	2,032.2	2,032.2	1,923.8	1,923.8	1,923.8	0.0		0.0
Kodiak College	5,110.7	5,110.7	5,508.9	5,075.2	5,075.2	-433.7	-7.9 %	0.0
Kodiak College Facility O&M SO	903.9	903.9	900.3	900.3	900.3	0.0		0.0
Matanuska-Susitna College	13,040.5	13,040.5	13,289.7	12,909.9	12,909.9	-379.8	-2.9 %	0.0
Mat-Su College Facility O&M SO	1,456.8	1,456.8	1,483.0	1,483.0	1,483.0	0.0		0.0
Prince William Sound College	5,561.1	5,561.1	5,911.5	5,361.5	5,361.5	-550.0	-9.3 %	0.0
PWS College Facility O&M SO	1,237.8	1,237.8	1,366.8	1,366.8	1,366.8	0.0		0.0
Troth Yedda' Campus	483,984.4	498,318.7	489,068.0	471,796.8	471,585.2	-17,482.8	-3.6 %	-211.6
Troth Yedda' Campus Fac O&M SO	106,066.8	106,066.8	109,626.1	109,626.1	109,626.1	0.0		0.0
College of Indigenous Studies	8,763.3	8,763.3	8,800.7	8,479.5	8,691.1	-109.6	-1.2 %	211.6 2.5 %
CIS Facility O&M State Owned	637.8	637.8	731.7	731.7	731.7	0.0		0.0
Bristol Bay Campus	3,846.2	3,846.2	3,907.1	3,819.9	3,819.9	-87.2	-2.2 %	0.0
Bristol Bay Campus Fac O&M SO	248.1	248.1	325.0	325.0	325.0	0.0		0.0
Chukchi Campus	2,123.5	2,123.5	2,054.3	2,054.3	2,054.3	0.0		0.0
Chukchi Campus Facility O&M SO	178.1	178.1	232.7	232.7	232.7	0.0		0.0
Kuskokwim Campus	5,747.1	5,747.1	5,693.6	5,605.7	5,605.7	-87.9	-1.5 %	0.0
Kuskokwim Campus Facility O&M SO	356.2	356.2	442.6	442.6	442.6	0.0		0.0
Northwest Campus	4,696.5	4,696.5	4,531.7	4,487.7	4,487.7	-44.0	-1.0 %	0.0
Northwest Campus Facility O&M SO	182.8	182.8	289.9	289.9	289.9	0.0		0.0
UAF Community and Tech College	16,982.6	16,982.6	18,348.0	16,800.9	16,800.9	-1,547.1	-8.4 %	0.0
UAF CTC Facility O&M State Owned	1,361.7	1,361.7	1,411.5	1,411.5	1,411.5	0.0		0.0
Education Trust of Alaska	9,026.8	9,026.8	9,619.9	9,619.9	9,619.9	0.0		0.0
Juneau Campus	41,655.2	41,798.0	42,908.9	42,052.7	42,052.7	-856.2	-2.0 %	0.0
Juneau Campus Facility O&M SO	5,949.5	5,949.5	5,268.4	5,268.4	5,268.4	0.0		0.0
Ketchikan Campus	4,872.5	4,872.5	5,748.4	4,876.8	4,876.8	-871.6	-15.2 %	0.0
Ketchikan Campus Facility O&M SO	605.3	605.3	559.5	559.5	559.5	0.0		0.0
Sitka Campus	5,794.6	6,947.9	7,548.0	6,096.2	6,096.2	-1,451.8	-19.2 %	0.0
Sitka Campus Facility O&M SO	1,941.8	1,941.8	1,608.2	1,608.2	1,608.2	0.0		0.0
<b>Appropriation Total</b>	<b>1,104,994.0</b>	<b>1,120,935.2</b>	<b>1,120,935.2</b>	<b>1,100,847.8</b>	<b>1,159,655.3</b>	<b>38,720.1</b>	<b>3.5 %</b>	<b>58,807.5 5.3 %</b>
<b>Agency Total</b>	<b>1,104,994.0</b>	<b>1,120,935.2</b>	<b>1,120,935.2</b>	<b>1,100,847.8</b>	<b>1,159,655.3</b>	<b>38,720.1</b>	<b>3.5 %</b>	<b>58,807.5 5.3 %</b>
<b>Statewide Total</b>	<b>1,104,994.0</b>	<b>1,120,935.2</b>	<b>1,120,935.2</b>	<b>1,100,847.8</b>	<b>1,159,655.3</b>	<b>38,720.1</b>	<b>3.5 %</b>	<b>58,807.5 5.3 %</b>

**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

**Numbers and Language**  
**Agencies: Univ**

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPln	[4] AdjBase	[5] Gov	26MgtPln to [5] - [3] Gov	AdjBase to [5] - [4] Gov
<b>Funding Summary</b>							
Unrestricted General (UGF)	351,463.2	357,051.4	357,051.4	357,937.7	357,937.7	886.3	0.2 %
Designated General (DGF)	319,562.0	329,915.0	329,915.0	308,797.3	318,848.8	-11,066.2	-3.4 %
Other State Funds (Other)	219,148.0	219,148.0	219,148.0	219,292.0	253,048.0	33,900.0	15.5 %
Federal Receipts (Fed)	214,820.8	214,820.8	214,820.8	214,820.8	229,820.8	15,000.0	7.0 %

**University of Alaska**  
**FY27 - Summary of Significant Operating Budget Issues**  
 (\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	University of Alaska / Budget Reductions/ Additions - Systemwide	FY27 Compensation Increase Required Under Collective Bargaining Agreements	<b>Total: \$4,963.4</b>  \$3,474.5 Gen Fund (UGF) \$1,344.9 Univ Rept (DGF) \$144.0 Stat Desig (Other) <b>SalAdj</b>	<p>This Salary Adjustment applies to the following employee groups: United Academics, United Academics - Adjuncts, and Alaska Graduate Workers Association.</p> <p>Both the Local 6070 (crafts and trades) and Fairbanks Firefighter Union contracts expire in FY26 (on 06/30/2026), and no increase has yet been negotiated for FY27. The University states that once a tentative agreement has been reached with a union, an additional funding request will be made through the appropriate legislative process.</p> <p>In FY26 the legislature rejected the Governor's proposed Increment of \$8,766.1 to pay non-union members a 2.75% wage increase. The Board of Regents approved a request for a similar increment for FY27, however the Governor did not submit that increment.</p>
2	University of Alaska / Budget Reductions/ Additions - Systemwide	Receipt Authority Increases to Align with Anticipated Activity Based on FY25 Actuals	<b>Total: \$48,000.0</b>  \$15,000.0 Fed Rcpts (Fed) \$10,000.0 I/A Repts (Other) \$8,000.0 Stat Desig (Other) \$15,000.0 UA I/A (Other) <b>Inc</b>	<p>UA's earned revenue budget authority categories are substantially below FY25 actuals. To avoid a situation where the UA lacks sufficient receipt authority, the University is requesting an increase in the following receipt authority categories to align budget authority with anticipated activity.</p> <p><b>Federal Receipts (\$15.0 million):</b> The UA's FY25 expenditures exceed FY26 budgeted authority by \$13.0 million.</p> <p><b>Interagency Receipts (\$10.0 million):</b> The UA's FY25 expenditures exceed FY26 budgeted authority by \$9.0 million.</p> <p><b>Statutory Designated Program Receipts (SDPR) (\$8.0 million):</b> The UA's FY25 expenditures exceed FY26 budgeted authority by \$7.0 million.</p> <p><b>University of Alaska Intra-Agency Transfers (\$15.0 million):</b> The UA's FY25 expenditures exceed FY26 budgeted authority by \$12.0 million.</p> <p><b>Fiscal Analyst Comment:</b> The University faces significant difficulties in accurately projecting federal revenue and expenditures due to uncertainties surrounding federal funding timing and amounts. Historical spending patterns often prove unreliable for forecasting due to multi-year project and grant revenue</p>

**University of Alaska**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	University of Alaska / Budget Reductions/ Additions - Systemwide	Receipt Authority Increases to Align with Anticipated Activity Based on FY25 Actuals	<b>Total: \$48,000.0</b> \$15,000.0 Fed Rcpt (Fed) \$10,000.0 I/A Rcpt (Other) \$8,000.0 Stat Desig (Other) \$15,000.0 UA I/A (Other) <b>Inc</b>	<p>(continued)</p> <p>variability, while expenses in the current year may be booked urgently due to recent uncertainty around impoundment and "Pocket Rescissions" of previously appropriated federal funds. The University submitted a FY25 Revised Program Legislative (RPL) in June, 2025 requesting an additional <b>\$38.3 million</b> in Federal Receipt authority in order to capture all available federal funding during the fiscal year.</p>
3	University of Alaska / Systemwide Services	Additional UA Receipt Authority for the Office of Land Management's Work on the AHFC Cordova Parcel Development	\$2,000.0 Univ Rcpt (DGF) <b>Inc</b>	<p>The University of Alaska intends to subdivide an approximately 32-acre tract of land in Cordova. After the subdivision process is complete, the parcels will be offered for sale at or above fair market value. An estimated 20 parcels will be developed to help alleviate Cordovas housing shortage.</p> <p>In 2025 the Alaska Housing Finance Corporation (AHFC) used a combination of state and federal funds to buy 600 acres of land from the University of Alaska. The \$12.3 million purchase includes parcels in Anchorage, Fairbanks, Seward, Palmer, and Wasilla, plus the funding to develop land in Cordova.</p> <p>The cost of development is estimated to be around \$2.6 million and the estimated fair market value of the property is \$2.8 million. AHFC is providing \$1 million towards that cost. This leaves an estimated \$1.2 million net revenue for the University.</p>

*Legislative Fiscal Analyst's Overview of the Governor's FY2027 Request*

**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: Judiciary</b>	

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPln	[4] AdjBase	[5] Gov	[5] 26MgtPln to Gov	[5] - [3] Gov	AdjBase to [4] Gov
<b>Judiciary</b>								
Alaska Court System								
Appellate Courts	10,151.2	10,151.2	10,151.2	10,428.1	10,428.1	276.9	2.7 %	0.0
Trial Courts	122,816.7	122,645.9	122,645.9	125,763.7	125,865.7	3,219.8	2.6 %	102.0 0.1 %
Administration and Support	14,682.7	14,682.7	14,682.7	15,240.0	15,240.0	557.3	3.8 %	0.0
<b>Appropriation Total</b>	<b>147,650.6</b>	<b>147,479.8</b>	<b>147,479.8</b>	<b>151,431.8</b>	<b>151,533.8</b>	<b>4,054.0</b>	<b>2.7 %</b>	<b>102.0 0.1 %</b>
Therapeutic Courts								
Therapeutic Courts	9,139.3	9,139.3	9,139.3	9,272.8	9,272.8	133.5	1.5 %	0.0
<b>Appropriation Total</b>	<b>9,139.3</b>	<b>9,139.3</b>	<b>9,139.3</b>	<b>9,272.8</b>	<b>9,272.8</b>	<b>133.5</b>	<b>1.5 %</b>	<b>0.0</b>
Commission on Judicial Conduct								
Commission on Judicial Conduct	577.9	577.9	577.9	597.2	597.2	19.3	3.3 %	0.0
<b>Appropriation Total</b>	<b>577.9</b>	<b>577.9</b>	<b>577.9</b>	<b>597.2</b>	<b>597.2</b>	<b>19.3</b>	<b>3.3 %</b>	<b>0.0</b>
Judicial Council								
Judicial Council	1,675.9	1,675.9	1,675.9	1,719.8	1,719.8	43.9	2.6 %	0.0
<b>Appropriation Total</b>	<b>1,675.9</b>	<b>1,675.9</b>	<b>1,675.9</b>	<b>1,719.8</b>	<b>1,719.8</b>	<b>43.9</b>	<b>2.6 %</b>	<b>0.0</b>
<b>Agency Total</b>	<b>159,043.7</b>	<b>158,872.9</b>	<b>158,872.9</b>	<b>163,021.6</b>	<b>163,123.6</b>	<b>4,250.7</b>	<b>2.7 %</b>	<b>102.0 0.1 %</b>
<b>Statewide Total</b>	<b>159,043.7</b>	<b>158,872.9</b>	<b>158,872.9</b>	<b>163,021.6</b>	<b>163,123.6</b>	<b>4,250.7</b>	<b>2.7 %</b>	<b>102.0 0.1 %</b>
Funding Summary								
Unrestricted General (UGF)	154,528.4	154,357.6	154,357.6	158,506.3	158,506.3	4,148.7	2.7 %	0.0
Other State Funds (Other)	2,710.0	2,710.0	2,710.0	2,710.0	2,812.0	102.0	3.8 %	102.0 3.8 %
Federal Receipts (Fed)	1,805.3	1,805.3	1,805.3	1,805.3	1,805.3	0.0		0.0

**Judiciary**  
**FY27 - Summary of Significant Operating Budget Issues**  
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Court System / Trial Courts	MH Trust: Behavioral Health Administrator Position (FY27-FY32)	\$102.0 MHTAAR (Other) <b>IncT</b>	Funding is added to support a new Behavioral Health Administrator position that will collaborate with State programs, community stakeholders, and justice partners to analyze and improve the Court's handling and accommodations of behavioral health-related cases in the justice system. It is funded with Mental Health Trust Authority Authorized Receipts (MHTAAR) for five years.
2	Therapeutic Courts / Therapeutic Courts	MH Trust: Extend Centralized Competency Calendar Project (FY26-FY28)	\$158.3 MHTAAR (Other) <b>IncT</b>	The funding for this project was set to expire after FY27, however this year the Mental Health Trust Authority has extended their plan to use MHTAAR funding to continue the centralized competency calendar project through FY28.  This project is the combination of two Paralegal positions originally funded with MHTAAR from FY20-FY25 and FY24-FY27 that were combined in FY26 for convenience.
3	Various	Requests Omitted in the Governor's Budget for Maintenance and Operations Increases and Salary and Benefits Increases	n/a	<p>For the second year, the Courts have had requests omitted from the Governor's budget. Prior to the FY26 budget process, there had been an agreement that the Governor would transmit the Courts' request to the legislature unaltered. In FY27, the omitted items are:</p> <p><b>\$700.3 UGF total for operations and maintenance cost increases in Trial Courts</b> added to the base budget, consisting of:</p> <ul style="list-style-type: none"> <li>-\$350.7 for leases, utilities, and service contracts (snowplowing, landscaping, janitorial, and facility maintenance);</li> <li>-\$210.6 for unfunded FY26 Occupancy Agreement increases; and</li> <li>-\$139.0 for Service Level Agreements with the Department of Transportation and Public Facilities to maintain court facilities in Anchorage, Delta Junction, Fairbanks, Fort Yukon, Galena, Kenai, Ketchikan, Kodiak, Palmer, Sitka, and Valdez.</li> </ul> <p><b>\$115.5 Temporary Increment (FY27-FY28) of GF/Mental Health for Therapeutic Courts:</b> In FY26 the court received a One-Time Increment of \$92.4 GF/MH for the Therapeutic Courts to pay for the salary and benefit increases of the Centralized Competency Calendar staff. This request is related to <b>Item 2</b>, which provides MHTAAR for the underlying positions. The amount for salary and benefit increases in FY27 has increased to \$115.5, and this funding is needed through FY28 according to the current timeline of the</p>

**Judiciary**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\$ thousands)**

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Various	Requests Omitted in the Governor's Budget for Maintenance and Operations Increases and Salary and Benefits Increases	n/a	<p>(continued) project.</p> <p><b>Fiscal Analyst Comment:</b> In FY26, the Governor's budget omitted the Judiciary's request for \$170.8 UGF, which included \$97.3 for Consumer Price Index increases built into existing lease agreements, and \$91.5 for increases to utilities and service costs. The legislature included the items in the Enrolled Budget, but the Governor vetoed the funding.</p> <p>This funding is included in the Judiciary's FY27 operations and maintenance request above, but was again omitted from the Governor's budget. The Judiciary states that one-time savings were achieved in FY26 through negotiated reductions to leases and contracts, as well as delays in re-opening the Hooper Bay Courthouse, but without additional funding in FY27, they would likely need to hold positions vacant in order to fund the cost increases.</p>

**Judiciary**  
**FY27- Summary of Significant Capital Budget Issues**  
**(*\$* Thousands)**

Item	Capital Project Title/ Category	Amount/Fund Source	Comment
1	Requests Omitted in the Governor's Budget for Courthouse Security, Maintenance, and Expansion	<b>Total: \$27,973.9</b> \$27,973.9 UGF (UGF)	<p>In addition to omitting two operating items, the Governor's proposed FY27 budget also did not include the three capital projects requested by the Court. The omitted capital items are:</p> <p><b>\$22,223.9 (UGF)</b> for phase two of the <b>Palmer Courthouse Expansion</b> to provide courtrooms for three additional judges and extra space for judicial staff in response to population growth trends in the Mat-Su Borough;</p> <p><b>\$2,050.0 (UGF)</b> for regularly occurring <b>Court Security Projects</b> which this year would cover statewide access control upgrades and camera replacement, hardening projects in multiple courthouses, and design for a judicial services expansion in Kenai.</p> <p><b>\$3,700.0 (UGF)</b> for <b>Statewide Deferred Maintenance Projects</b> to replace the exterior envelope and upgrade the elevator in the Snowden Administrative Building, provide repairs to the Boney Parking Garage, and upgrade heating in the Boney Courthouse.</p>

*Legislative Fiscal Analyst's Overview of the Governor's FY2027 Request*

**2026 Legislature - Operating Budget  
Allocation Summary - FY27 Governor Structure**

<b>Numbers and Language</b>	
<b>Agencies: Legis</b>	

Allocation	[1] 26Enroll	[2] 26Auth	[3] 26MgtPln	[4] AdjBase	[5] Gov	[5] 26MgtPln to	[5] - [3] Gov	[5] - [4] AdjBase to	[5] - [4] Gov
<b>Legislature</b>									
<b>Budget and Audit Committee</b>									
Legislative Audit	8,225.9	8,225.9	8,225.9	8,548.5	8,548.5	322.6	3.9 %	0.0	
Legislative Finance	9,516.6	9,516.6	9,516.6	9,891.1	9,891.1	374.5	3.9 %	0.0	
LB&A Committee Expenses	2,069.7	2,069.7	1,869.7	1,894.6	1,894.6	24.9	1.3 %	0.0	
<b>Appropriation Total</b>	<b>19,812.2</b>	<b>19,812.2</b>	<b>19,612.2</b>	<b>20,334.2</b>	<b>20,334.2</b>	<b>722.0</b>	<b>3.7 %</b>	<b>0.0</b>	
<b>Legislative Council</b>									
Administrative Services	8,570.4	8,570.4	8,862.4	9,163.8	9,163.8	301.4	3.4 %	0.0	
Council and Subcommittees	821.7	901.7	861.7	784.7	784.7	-77.0	-8.9 %	0.0	
Legal and Research Services	6,731.1	6,731.1	6,831.1	7,116.9	7,116.9	285.8	4.2 %	0.0	
Select Committee on Ethics	370.3	370.3	370.3	382.9	382.9	12.6	3.4 %	0.0	
Office of Victims' Rights	1,475.2	1,475.2	1,475.2	1,532.6	1,532.6	57.4	3.9 %	0.0	
Ombudsman	1,864.6	1,864.6	1,857.8	1,924.0	1,924.0	66.2	3.6 %	0.0	
LEG State Facilities Rent	1,640.5	1,640.5	1,679.4	1,679.4	1,679.4	0.0		0.0	
Tech and Info Services Division	9,811.4	9,811.4	9,711.4	10,075.7	10,075.7	364.3	3.8 %	0.0	
Security Services	1,747.7	1,747.7	1,747.7	1,807.9	1,807.9	60.2	3.4 %	0.0	
<b>Appropriation Total</b>	<b>33,032.9</b>	<b>33,112.9</b>	<b>33,397.0</b>	<b>34,467.9</b>	<b>34,467.9</b>	<b>1,070.9</b>	<b>3.2 %</b>	<b>0.0</b>	
<b>Legislative Operating Budget</b>									
Leg Salaries and Allowances	9,599.7	9,599.7	9,599.7	9,772.3	9,772.3	172.6	1.8 %	0.0	
Legislative Operating Budget	13,343.6	13,343.6	13,259.5	13,807.3	13,807.3	547.8	4.1 %	0.0	
Session Expenses	15,250.9	15,000.9	15,000.9	15,478.8	15,478.8	477.9	3.2 %	0.0	
<b>Appropriation Total</b>	<b>38,194.2</b>	<b>37,944.2</b>	<b>37,860.1</b>	<b>39,058.4</b>	<b>39,058.4</b>	<b>1,198.3</b>	<b>3.2 %</b>	<b>0.0</b>	
<b>Agency Total</b>	<b>91,039.3</b>	<b>90,869.3</b>	<b>90,869.3</b>	<b>93,860.5</b>	<b>93,860.5</b>	<b>2,991.2</b>	<b>3.3 %</b>	<b>0.0</b>	
<b>Statewide Total</b>	<b>91,039.3</b>	<b>90,869.3</b>	<b>90,869.3</b>	<b>93,860.5</b>	<b>93,860.5</b>	<b>2,991.2</b>	<b>3.3 %</b>	<b>0.0</b>	
<b>Funding Summary</b>									
Unrestricted General (UGF)	89,928.4	89,758.4	89,758.4	92,749.6	92,918.8	3,160.4	3.5 %	169.2	0.2 %
Designated General (DGF)	655.3	655.3	655.3	655.3	655.3	0.0		0.0	
Other State Funds (Other)	455.6	455.6	455.6	455.6	286.4	-169.2	-37.1 %	-169.2	-37.1 %

**Legislature**  
**FY27 - Summary of Significant Operating Budget Issues**  
**(\\$ thousands)**

<b>Item</b>	<b>Appropriation / Allocation</b>	<b>Description</b>	<b>Amount / Fund Source</b>	<b>Comment</b>
1	Legislative Council / Office of Victims' Rights	Replace Funding Source to Align with Statutory Distribution of Restorative Justice Account Funds	<b>Net Zero</b>  \$169.2 Gen Fund (UGF) (\$169.2) Rest Just (Other) <b>FndChg</b>	<p>The amount of Restorative Justice Account funding (AS 43.23.048) available for appropriation each year is calculated to represent the sum of Permanent Fund Dividends forfeited by Alaskans sentenced or incarcerated for felonies and certain misdemeanors in the qualifying calendar year. The appropriation reduces the amount of the Permanent Fund Dividend distribution to eligible Alaskans.</p> <p>In FY26, the amount available for appropriation was based on 8,238 ineligible Alaskans and a \$1,702 dividend for the qualifying 2023 calendar year (paid in 2024), and in FY27 the amount in the Governor's request is based on 8,379 ineligible Alaskans and a \$1,000 dividend for the qualifying 2024 calendar year (paid in 2025).</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p>12% - Crime Victims Comp. Fund (10-13%)  <b>3% - Legislature - Office of Victims' Rights (2-6%)</b>  3% - Public Safety - Nonprofit Services for Crime Victims (1-3%)  3% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)  79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p> <p>In the Office of Victims' Rights, the funding is used to substitute for general funds, so the decrease is offset by UGF.</p>

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