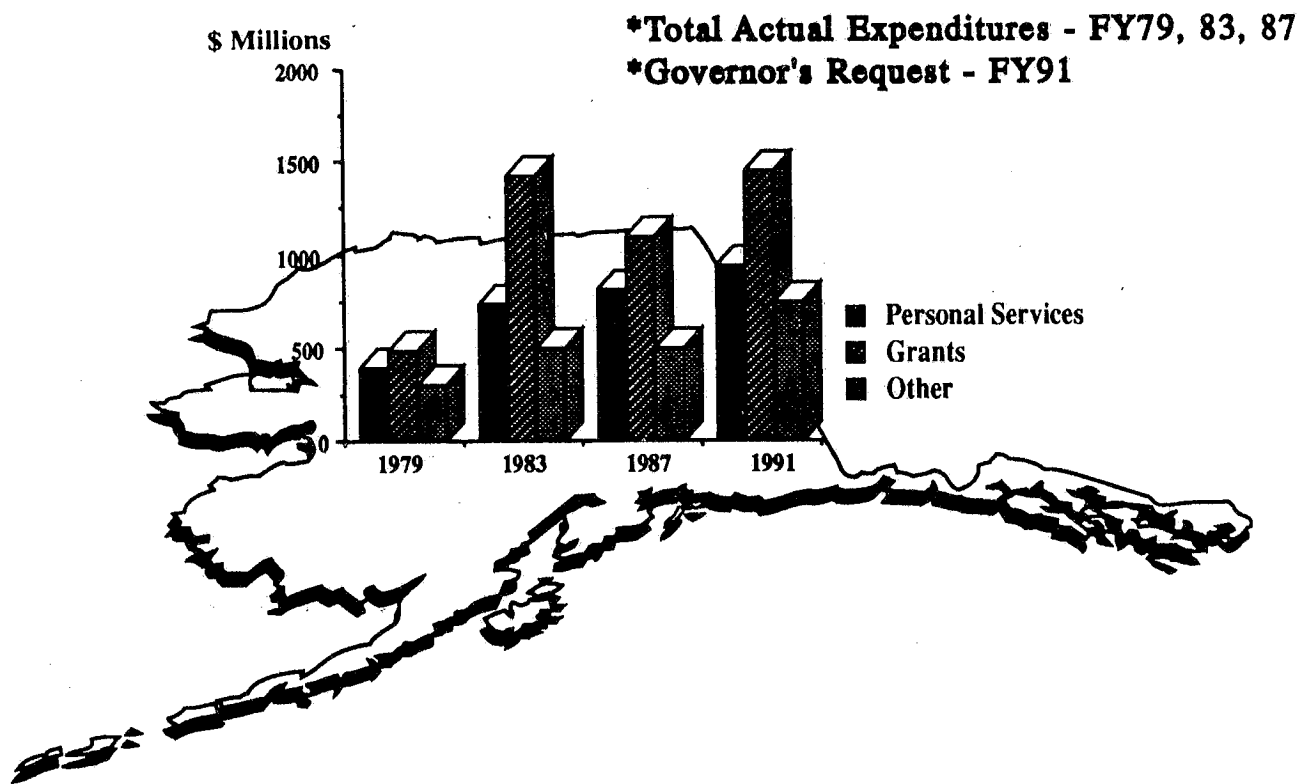


LEGISLATIVE OVERVIEW

of the

GOVERNOR'S BUDGET

(Fiscal Year 1991)



Prepared for distribution to the Legislature by:
LEGISLATIVE FINANCE DIVISION

TABLE OF CONTENTS



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	PAGE
SPENDING PLAN	1
OFFICE OF THE GOVERNOR	13
ADMIN ISTRATION	15
LAW	17
REVENUE.....	21
EDUCATION	23
HEALTH AND SOCIAL SERVICES.....	27
LABOR.....	31
COMMERCE AND ECONOMIC DEVELOPMENT.....	33
MILITARY AND VETERANS AFFAIRS.....	35
NATURAL RESOURCES.....	37
FISH AND GAME	39
PUBLIC SAFETY.....	41
TRANSPORTATION AND PUBLIC FACILITIES	45
ENVIRONMENTAL CONSERVATION.....	47
COMMUNITY AND REGIONAL AFFAIRS	49
CORRECTIONS.....	53
UNIVERSITY OF ALASKA.....	55
ALASKA COURT SYSTEM.....	59
ALASKA STATE LEGISLATURE	63

Note: this overview is of the budget proposal made public by the Governor on December 15, 1989.

SPENDING PLAN

The Governor's proposed FY91 budget, presented to the Second Session of the Sixteenth Alaska Legislature on December 15, 1989 requires appropriations totaling \$3,274,093,600. Of this amount, \$2,372,813,900 or 72.5%, is unrestricted general fund. Compared with appropriations made during the 1989 session, this spending plan includes:

- an overall increase of \$23,100,000 or 1% in general fund and general fund program receipts.

- increases of 6.1% in the operating budget and 37% in loan programs and declines of 44.5% in the capital and 18.8% in the debt service budgets.

- \$50,224,200 of the general fund represents program receipts.

OPERATING BUDGET

The Operating Budget includes two major segments: state agency operations and formula programs.

State Agency Operations funds the actual costs of the administration of State government and the direct public services it provides. For FY91, the Governor is proposing general fund appropriations, including GF/Program Receipts, to fund agency operations at \$1,137,702,400 compared to \$1,096,619,700 for FY90 Authorized, an increase of 3.7%.

Formula Programs are those which flow-through State agencies to municipalities and individuals, e.g. Education Support, Municipal Assistance, Revenue Sharing, Longevity Bonus, etc. For FY91, the Governor is proposing \$1,027,447,500 in general funds for formula programs, which represents 47% of the operating budget. By far the largest formula program is Education Support which, at \$485,131,900 in the Governor's spending plan, accounts for 22.4% of the total general fund operating budget. Formula funded programs show an increase over FY90 Authorized of \$83,454,600 or 8.8%. This is due mainly to increases in the School Foundation Program, Medical and Public Assistance Programs, and Longevity Bonus.

CAPITAL BUDGET

The Governor's FY91 capital budget earmarks \$100,000,000 in general funds, although the actual budget has not yet been submitted.

LOAN PROGRAMS

The Governor's proposed loan budget consists of two parts: (1) an expenditure item in an appropriation of \$13,697,100 from general fund to the Student Loan Program (\$10,000,000), Fisheries Enhancement Loan Fund (\$897,100), and the Alaska Clean Water Loan Fund (\$2,800,000), and (2) as a revenue measure in an appropriation of \$7,344,300 from the cash balances of various loan funds to the general fund. Both of these appropriations are included in the front section of the operating budget appropriation bill.

DEBT SERVICE

In FY90, debt service included two elements: general obligation bond debt and school debt retirement (a statutory program in which the State funds a portion of the debt retirement costs municipalities incur for school construction).

For FY91, the Governor proposes funding of this program at the same level as FY90 with the intent of funding 82% of the eligible school debt retirement.

Note that the general obligation debt service and lease payments to the State Bond Committee appear in the front section of the operating budget. The debt service portion of the budget is summarized below (shown in millions of dollars):

	FY89 <u>ACTUAL</u>	FY90 <u>AUTH</u>	FY91 <u>GOV</u>
General Obligation State Bond Committee	\$135.5	\$120.4	\$95.6
Lease Payments	11.8	12.1	12.1
School Debt Retirement	109.0	107.8	107.8
Total	\$256.3	\$240.3	\$215.5

Note: Lease payments have been moved from the operating budget to debt service to satisfy bond rating agency requirements.

**FY90/91 BALANCE SHEET
GENERAL FUND
(in millions of dollars)**

	Low Case	Mid Case	High Case	Note
FY 89 CARRY FORWARD	162.7	162.7	162.7	From Annual Financial Report
FY 90 Unrestricted Revenues	2,005.5	2,295.6	2,645.0	DOR \$/bbl 14.64, 16.32, 17.90 (ANS Gulf)
FY 90 Adjustments to Revenue	92.7	92.7	92.7	
FY 90 AVAILABLE	2,260.9	2,551.0	2,900.4	
FY 90 Expenditures				
Operating	1,895.7	1,895.7	1,895.7	
Debt Service				
-G.O. Debt	120.4	120.4	120.4	
-School Debt	107.8	107.8	107.8	
-Other Debt	12.1	12.1	12.1	
Capital	180.2	180.2	180.2	
Loans	10.0	10.0	10.0	
FY 90 EXPENDITURES	2,326.2	2,326.2	2,326.2	
FY 90 CARRY FORWARD	-65.3	224.8	574.2	
FY91 Revenues	1,743.2	2,255.6	2,765.6	DOR \$/bbl 14.67, 17.70, 19.52 (ANS Gulf) From OMB
FY91 Adjustments [2]	80.0	80.0	80.0	
FY91 AVAILABLE	1,757.9	2,560.4	3,419.8	
FY91 Expenditures	Governor's December 15, 1989 Budget			
Operating	2,055.4	2,055.4	2,055.4	
Debt Service				
-G.O. Debt	107.6	107.6	107.6	
-School Debt	107.8	107.8	107.8	
-Other Debt	12.1	12.1	12.1	
Capital	100.0	100.0	100.0	OMB Estimate
Loans	13.7	13.7	13.7	
Oil/Hazardous Fund	27.0	27.0	27.0	
FY91 Expenditures	2,423.6	2,423.6	2,423.6	
FY91 CARRY FORWARD	-665.7	136.8	996.2	

NOTES:

[1] All revenues are based on the fall 1989 forecast.

[2] Adjustments to Revenues includes \$34.2 million based on the passage of a bill to increase motor fuel tax.

FY91 GOVERNOR'S BUDGET
Unrestricted General Fund
(in millions of dollars)

	DEC. 15, 1989			--PERCENT CHANGE--	
	FY90 CC	FY90 AUTH	FY90 GOV	FY91/ FY90 CC	FY91/ FY90 AUTH
Operating:					
Agencies	1,082.5	1,096.6	1,137.7	5.1%	3.7%
Formula Programs	801.6	836.2	919.6	14.7%	10.0%
School Debt	107.8	107.8	107.8	0.0%	0.0%
Total Operating	1,991.9	2,040.6	2,165.1	8.7%	6.1%
Capital (1)	132.8	180.2	100.0	-24.7%	-44.5%
Loans	10.0	10.0	13.7	37.0%	37.0%
Debt Service (2)	132.5	132.5	107.6	-18.8%	-18.8%
TOTAL	2,267.2	2,363.3	2,386.4	5.3%	1.0%

Note: (1) The Governor's FY90 Capital budget request is an estimate.

(2) Includes General Obligation and Lease Payments.

FY 91 GOVERNOR'S OPERATING BUDGET SUMMARY
Unrestricted General Fund
(in thousands of dollars)

	FY89 ACTUALS	FY90 AUTH	DEC 15, 1989 FY91 GOV	FY90 AUTH/FY91 GOV \$	%
Operating Budget	1,991,579.7	2,040,612.6	2,165,149.9	124,537.3	6.1%
Less: Formula	912,634.4	943,992.9	1,027,447.5	83,454.6	8.8%
Agency Operation	1,078,945.3	1,096,619.7	1,137,702.4	41,082.7	3.7%
Formula Programs					
Longevity Bonus	53,348.6	50,000.0	59,439.0	9,439.0	18.9%
Administration - Other	25,272.0	24,878.5	26,367.3	1,488.8	6.0%
Shared Taxes	14,244.1	18,627.4	21,090.0	2,462.6	13.2%
Foundation	426,419.1	447,883.0	485,131.9	37,248.9	8.3%
School Debt Ret.	109,034.8	107,831.0	107,831.0	0.0	0.0%
Education - Other	44,389.8	42,988.1	42,988.1	0.0	0.0%
Health & Social Services	115,036.1	127,277.1	161,139.7	33,862.6	26.6%
Power Cost Equalization	16,823.6	18,432.5	18,432.5	0.0	0.0%
Fisheries Tax Receipts	6,431.4	10,551.5	7,551.5	-3,000.0	-28.4%
Nat'l Guard Ret.	780.9	780.9	780.9	0.0	0.0%
Military - Other	384.3	320.4	410.4	90.0	28.1%
Sr. Citizen Tax Relief	3,003.5	3,003.5	3,003.5	0.0	0.0%
Municipal Rev. Sharing	40,801.1	38,347.0	38,347.0	0.0	0.0%
Municipal Assistance	56,084.3	52,747.0	52,747.0	0.0	0.0%
Other C&RA Programs	580.8	325.0	2,187.7	1,862.7	573.1%
TOTAL	912,634.4	943,992.9	1,027,447.5	83,454.6	8.8%

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

	FY89 ACTUALS	FY90 CC	FY90 AUTH	DEC 15, 1989 FY91 GOV
Office of the Governor	16,452.8	16,353.9	16,816.3	18,629.4
Department of Administration	154,473.2	148,425.1	148,435.1	163,402.0
Department of Law	31,822.4	17,107.0	31,202.1	35,244.1
Department of Revenue	26,573.5	12,276.2	30,905.4	33,971.9
Department of Education	612,215.9	625,637.6	629,261.7	668,286.1
Department of Health & Social Services	274,234.5	297,839.6	298,088.7	341,624.3
Department of Labor	10,250.5	10,064.6	11,875.4	13,206.6
Dept. of Commerce & Economic Development	58,562.2	55,686.2	68,045.6	64,354.7
Department of Military & Veterans Affairs	12,399.5	7,348.2	7,350.6	7,837.3
Department of Natural Resources	48,635.6	45,209.5	45,330.4	46,853.7
Department of Fish & Game	45,502.4	46,493.2	46,628.2	47,665.3
Department of Public Safety	75,739.0	75,725.3	75,823.9	79,206.1
Dept. of Transportation & Public Facilities	165,389.1	161,963.0	161,963.0	166,181.9
Department of Environmental Conservation	14,914.7	18,247.8	18,379.8	21,562.5
Department of Community & Regional Affairs	127,083.6	122,825.6	123,850.6	127,549.6
Department of Corrections	94,414.1	93,071.6	93,107.7	95,017.6
University of Alaska	154,226.4	158,849.9	159,365.9	163,094.2
Court System	39,049.8	39,477.4	39,477.4	40,277.0
Legislature	29,640.5	30,836.4	34,704.8	31,185.6
New Legislation		3,051.6		
Reappropriations		5,384.4		
TOTAL	1,991,579.7	1,991,874.1	2,040,612.6	2,165,149.9

Note: CC refers to Conference Committee numbers as passed the 1989 Legislative session and enacted by the Governor. Front section of the operating budget, various bills, and fiscal notes have been included. See FY90 Summary of Appropriations.

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

	FY89 ACTUALS	FY90 CC	FY90 AUTH	DEC 15, 1989 FY91 GOV
Office of the Governor	1.2	301.0	301.0	18.0
Department of Administration	4,754.3	4,877.2	4,877.2	5,545.6
Department of Law	76.9	287.0	287.0	264.4
Department of Revenue	1,170.1	1,293.3	1,293.3	1,172.8
Department of Education	1,626.2	1,983.6	1,983.6	2,077.7
Department of Health & Social Services	6,861.3	5,914.3	5,914.3	6,620.7
Department of Labor	405.1	520.0	520.0	585.0
Dept. of Commerce & Economic Development	11,653.9	13,625.6	13,737.4	14,310.9
Department of Military & Veterans Affairs	29.4	29.7	29.7	29.7
Department of Natural Resources	4,431.9	5,189.4	5,189.4	6,245.1
Department of Fish & Game	4,937.5	5,310.4	5,310.4	5,353.6
Department of Public Safety	1,331.8	1,548.5	1,591.3	1,887.6
Dept. of Transportation & Public Facilities	3,262.0	7,871.9	7,871.9	3,399.7
Department of Environmental Conservation	75.0	95.0	95.0	95.0
Department of Community & Regional Affairs	12.5	14.0	14.0	21.0
Department of Corrections	2,638.5	2,536.4	2,474.4	2,474.4
University of Alaska	0.0	0.0	0.0	0.0
Court System	0.0	0.0	0.0	0.0
Legislature	97.9	123.0	123.0	123.0
New Legislation		96.6		
Reappropriations		0.0		
TOTAL	43,365.5	51,616.9	51,612.9	50,224.2

Note: CC refers to Conference Committee numbers as passed the 1989 Legislative session and enacted by the Governor. Front section of the operating budget, various bills, and fiscal notes have been included. See FY90 Summary of Appropriations.

OPERATING BUDGET BY LINE ITEM

Total Funds

(in thousands of dollars)

	----FY80----		----FY85----		----FY91----		FY91 - FY80	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	Percent
Personal Services	456,334.7	65%	875,748.7	62%	936,511.0	61%	480,176.3	105%
Travel	17,624.9	2%	37,570.8	3%	39,214.8	3%	21,589.9	122%
Contractual	171,289.7	24%	378,652.1	27%	460,349.8	30%	289,060.1	169%
Commodities	46,412.2	7%	96,223.3	7%	93,652.1	6%	47,239.9	102%
Equipment	5,106.7	1%	12,415.0	1%	10,563.3	1%	5,456.6	107%
Land/Buildings	9,925.5	1%	10,134.1	1%	187.4	0%	-9,738.1	-98%
Government Operations	706,693.7	100%	1,410,744.0	100%	1,540,478.4	100%	833,784.7	118%
Grants/Claims	567,643.5	83%	1,127,154.4	71%	1,447,164.1	91%	879,520.6	155%
Miscellaneous	118,606.5	17%	455,870.8	29%	145,751.1	9%	27,144.6	23%
State Grant/Misc.	686,250.0	100%	1,583,025.2	100%	1,592,915.2	100%	906,665.2	132%
Total	1,392,943.7		2,993,769.2		3,133,393.6		1,740,449.9	125%

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

	FY80	FY85/FY80 Change Amount	FY85/FY80 Change Percent	FY85	FY91/FY85 Change Amount	FY91/FY85 Change Percent	FY91
STATE BUDGETS	1,160.3	3,011.6	260%	4,171.9	-1,785.5	-43%	2,386.4
Operating	1,034.8	1,245.2	120%	2,280.0	-7.3	0%	2,272.7
Capital	92.0	1,149.9	1250%	1,241.9	-1,141.9	-92%	100.0
Loans	33.5	106.5	318%	140.0	-126.3	-90%	13.7
Other:							
Transfer from GF to Perm. Fund		300.0		300.0	-300.0	-100%	
GF Loan to APA (4-Dam Pool)		210.0		210.0	-210.0	-100%	

OPERATING BUDGETS

PASS-THRU PROGRAMS							
G.O. Debt	75.2	94.3	125%	169.5	-74.0	-44%	95.5
School Retirement Debt	24.1	70.9	294%	95.0	12.8	13%	107.8
Formula Funded Programs	377.2	484.2	128%	861.4	58.2	7%	919.6
Lease Payment							12.1
Total pass-thru programs	476.5	649.4	136%	1,125.9	9.1	1%	1,135.0
Percent of operating budget	46%			49%			50%
GOVERNMENT OPERATIONS	558.3	595.8	107%	1,154.1	-16.4	-1%	1,137.7
Percent of operating budget	54%			51%			50%

STATE EMPLOYEES

Full-Time	11,547.0	5,031.0	44%	16,578.0	173.0	1%	16,751.0
Part-Time	1,181.0	1,849.0	157%	3,030.0	192.0	6%	3,222.0

**State Budgets
Unrestricted General Fund
(in millions of dollars)**

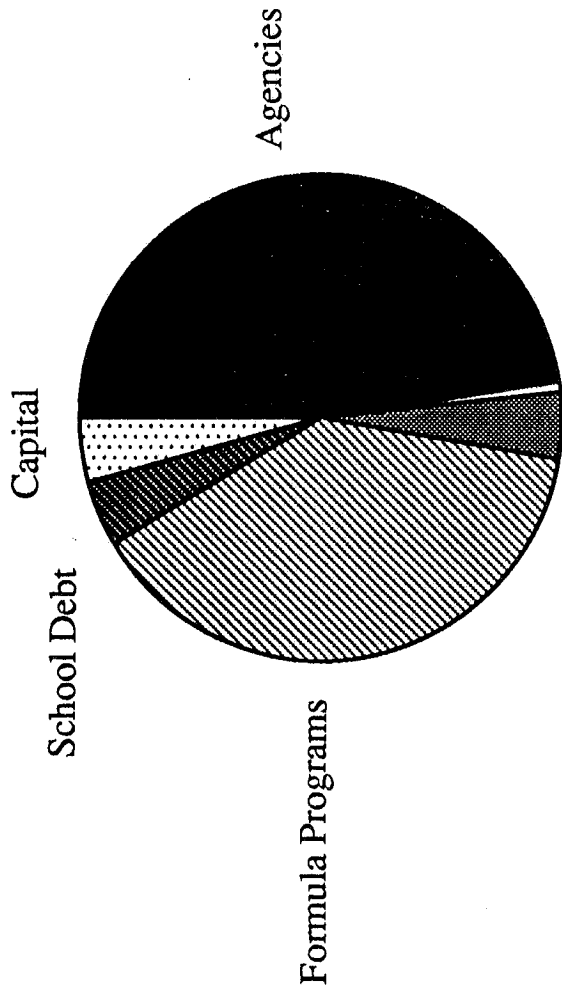
FY	----- Nominal (\$ mill) -----				Total
	Operating	Capital	Loan	G.O. Debt	
61	37.8	8.1			45.9
62	46.2	6.1			52.3
63	57.7	8.1			65.8
64	70.9	12.0			82.9
65	74.4	4.7			79.1
66	84.1	2.0			86.1
67	92.5	1.3			93.8
68	102.0	11.1			113.1
69	125.5	2.3			127.8
70	170.8	2.0			172.8
71	274.3	36.5			310.8
72	302.1	8.4			310.5
73	327.4	14.7			342.1
74	360.3	10.1			370.4
75	489.2	23.0			512.2
76	574.6	53.4			628.0
77	696.4	19.8			716.2
78	791.1	51.1	10.0		852.2
79	837.7	171.0	14.0	59.8	1,082.5
80	959.6	92.0	33.5	75.2	1,160.3
81	1,364.3	565.2	560.1	97.4	2,587.0
82	1,706.2	1,164.9	471.8	102.4	3,445.3
83	1,897.0	470.1	337.0	143.6	2,847.7
84	1,958.0	778.4	171.9	178.6	3,086.9
85	2,110.5	1,241.9	140.0	169.5	3,661.9
86	2,116.5	471.4	80.4	163.3	2,831.6
87	1,844.1	337.6	61.0	155.0	2,397.7
88	1,911.3	173.4	22.6	148.0	2,255.3
89	2,066.3	127.1	17.5	147.4	2,358.3
90	2,003.1	180.2	10.0	132.5	2,325.8

Annual Compound Growth Rates:

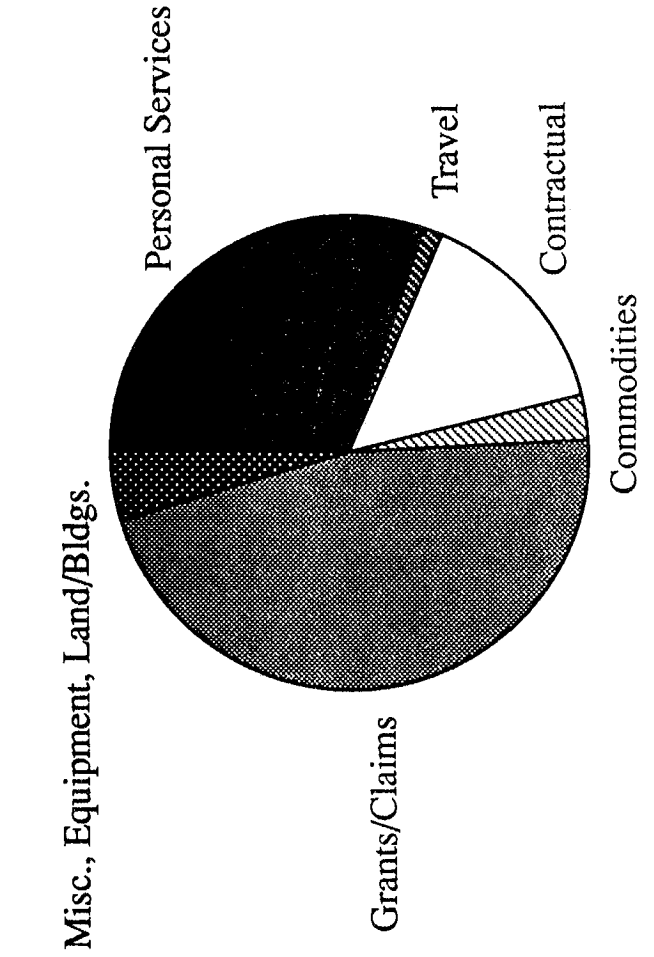
FY61-90	14.1	9.6	0.0	6.9	14.0
FY61-76	18.5	12.5	n/a	n/a	17.8
FY76-90	8.7	8.4	0.0	6.9	9.1

Note: Extraordinary items such as appropriations to Permanent Fund, Rainy Day Fund, special appropriations, etc. are not included.

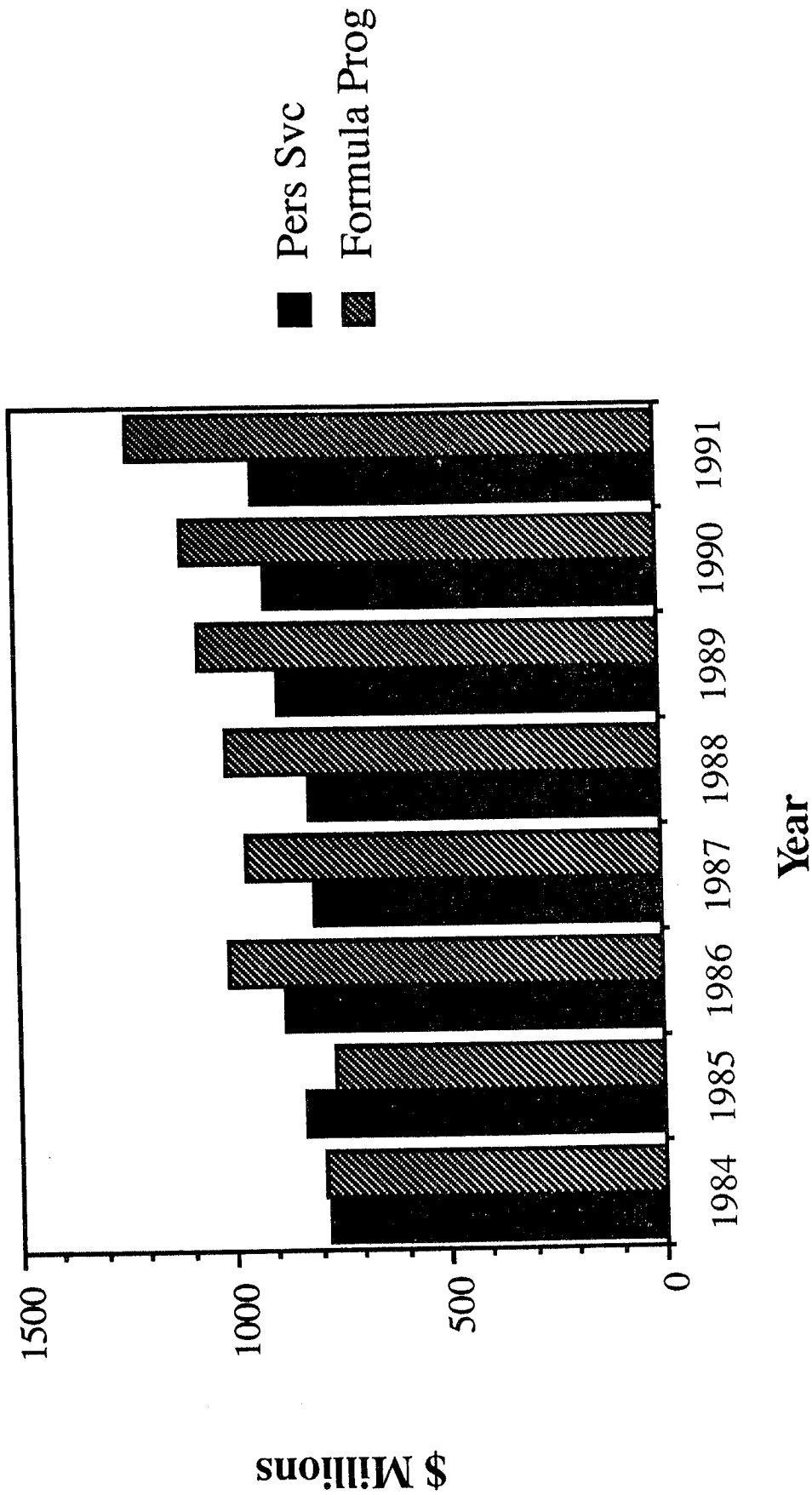
**FY91 GOVERNOR'S BUDGET
Unrestricted General Fund**



**FY91 GOVERNOR'S BUDGET
Total Funds by Line-item**



FY84-FY91 COMPARISON OF GROWTH IN PERSONAL SERVICES AND FORMULA PROG.



OFFICE OF THE GOVERNOR

The Office of the Governor is responsible for the operation of the executive branch of state government as specified in the Alaska Constitution and statutes.

The major budget request units are: Commissions and Special Offices, Executive Office, Office of Management and Budget, and Elections.

Commissions and Special Offices--Human Rights Commission, Equal Opportunity Commission, and Alaska Women's Commission.

Executive Office--Executive Office, Governor's House, Contingency Fund, Lieutenant Governor, Office of International Trade, Arctic National Wildlife Refuge, and High Seas Salmon Interception.

Office of Management and Budget--Policy, Budget Review, Audit and Management, and Governmental Coordination.

Elections--Elections operations, General and Primary Elections, and Elections Data Processing support.

SUMMARY ANALYSIS

The proposed Fiscal Year 1991 general fund spending level of \$18,629,400 is 10.8 percent above the current fiscal year. The increase is largely attributed to the election year occurring in FY91, reapportionment board activities, transition costs, and a new joint federal-state Alaska Native commission. Other increases are proposed for audit activities and mariculture.

In net, the increases are partially offset by the transfer of funds for the high seas salmon interception issue to the Department of Fish and Game and continued funding for the Exxon Valdez Oil Spill Commission is not being requested.

The balance of the budget is proposed at maintenance levels.

MAJOR ISSUES

PROGRAM CHANGES

The Governor is not requesting funding for the high seas salmon interception initiative or Exxon Valdez Oil Spill Commission, which received appropriations by the past legislative session. As in FY90, the Alaska Land Use Council also is not funded.

The Reapportionment Board within the Executive Office is proposed to receive an increase of \$529,700, roughly triple the current year's level. The new joint federal-state Alaska Natives commission would receive \$300,000, and transition costs, \$100,000.

The largest single increase, almost a million and one-half dollars, is for General and Primary Elections due to the occurrence of the 1990 election year in FY91-- conversely, the appropriation level is reduced in off-election years.

Additional increases of smaller magnitude, are proposed for Audit and Management to increase its capabilities in welfare reform implementation, grant information system operation, and audits; and Governmental Coordination mariculture activities.

FUNDING SOURCES

This budget is mostly supported from the general fund (89 percent). Federal Funds from the U.S. Department of Housing and Urban Development also partially support the Human Rights Commission. Federal Older American Act funds transferred from the Older Alaskans Commission also partially fund the Alaska Women's Commission.

The Division of Governmental Coordination receives a substantial portion of its funding from the U.S. Office of Coastal Zone Management, in addition to its general fund support.

ORGANIZATIONAL CHANGES

No organization changes are proposed.

POSITION ANALYSIS

New positions are proposed:

- Audit and Management--four internal auditors for welfare reform implementation, grant information system, and audits.
- Governmental Coordination--one project review coordinator for mariculture activities.
- General and Primary Elections--29 temporary positions to augment full time staff to conduct the general and primary elections in the 1990 election year.

DEPARTMENT OF ADMINISTRATION

The Department of Administration provides basic internal services to all state departments. These services include personnel, finance, payroll, purchasing, retirement, labor relations, telecommunications, and data processing services. The

POSITION ANALYSIS

The Governor's recommendation includes 10 new positions for Pioneer's homes. These include six nurses aides, 1 pioneer home aide, 2 institutional education coordinators, and one supply technician.

Labor Relations requests two labor relations analyst I positions.

Central Duplicating has added two offset duplicating machine operators.

Retirement and Benefits adds two analyst programmers plus a retirement benefit technician.

The Alaska Public Offices Commission budget includes a new auditor and two clerk typist positions.

DEPARTMENT OF LAW

The Department's budget structure consists of six budget request units: Consumer Protection, Prosecution, Legal Services, Oil and Gas Special Projects, Oil and Gas Litigation and Exxon Valdez Litigation.

The basic responsibility of Consumer Protection is to ensure that Alaskan consumers receive honest information and fair treatment when purchasing goods and services.

The services provided through the Prosecution BRU primarily consist of prosecuting violators of state criminal law. This function includes: providing legal advice and assistance to law enforcement agencies; assisting in criminal investigations; screening all criminal complaints; appearing in court at all phases of trial proceedings; handling criminal appeals, probations, parole and revocations; and providing assistance to victims and witnesses.

The primary responsibility of Legal Services BRU is to represent the state in all legal actions, except for, oil and gas litigation and litigation arising from the Exxon Valdez oil spill. Another function of this unit is to provide legal advice to the executive, legislative and judicial branches of government.

Oil and Gas Special Projects is responsible for managing the litigation of all major oil and gas revenue disputes. The amount at issue is several billion dollars. The Department's "in-house" attorney costs for this effort is included in another appropriation -- Oil and Gas Litigation.

The purpose of Oil and Gas Litigation is to fund "in-house" and "outside" attorney services relative to oil and gas revenue disputes, and title challenges involving lands of high potential to the state. There are presently six or more significant litigation matters that are funded through this budget request unit. Several cases will be in some stage of trial or administrative proceedings during FY91.

The Exxon Valdez Litigation appropriation provides funding to obtain attorney services and services of experts for a multitude of proceedings caused by the Exxon Valdez oil spill.

SUMMARY ANALYSIS

The Governor proposes FY91 total funding level of \$48,239,000 and a \$35,244,100 general fund level. This represents an increase of 12% and 12.9% respectively, over the FY90 Authorized Budget.

MAJOR ISSUES

PROGRAM CHANGES

The Governor has proposed the following increments for the purposes expressed and in the amounts listed:

The Consumer Protection component is requesting a general fund increment of \$20,800 for basic consumer protection services.

Due to salary underfunding and the FY90 miscellaneous reduction, a general fund increment of \$89,900 is being requested and allocated to the following components of the Prosecution BRU; First Judicial District, Second Judicial District, Third Judicial District, Fourth Judicial District, and Data & Word Processing.

An increment of \$172,000 in federal receipts is requested in the following components of the Prosecution BRU: Third Judicial District, Fourth Judicial District and Criminal Justice Litigation. This increment is an increase of grant funds for the Victim-Witness Assistance Program. The funding will provide for three new paralegal positions and additional pass through monies to local communities.

As a result of salary underfunding and the FY90 miscellaneous reduction, a general fund increment of \$292,600 is being requested and allocated to the following components of the Legal Services BRU; Operations, Antitrust, and Administration and Support.

The Operations component is requesting \$200,000 in general funds to realize improvements in the Department's handling of "child-in-need-of aid" cases. The funding will provide for a new attorney, a paralegal assistant, and two legal secretaries. Furthermore, the Operations component is requesting an increment of \$950,600 in interagency receipts to meet the increased demands of state agencies for attorney services. The increment will provide for fifteen new positions: ten attorneys, two associate attorneys, and three legal secretaries.

For FY90 the Department received an appropriation of \$3,500,000 in Ch 87, SLA 1989 (Supplemental Bill) for litigation costs associated with the Exxon Valdez oil spill. The unobligated balance of this appropriation will lapse on February 15, 1989. In the front section of the Governor's proposed FY91 operating bill, the Governor is requesting a general fund increase of \$3,500,000 for a total of \$7,000,000. The funding will provide for: in-house and "outside" attorney services, and services of experts in at least five subject areas. For this appropriation, the Governor is proposing thirteen new positions: six attorneys, one associate attorney, one paralegal

assistant, one computer programmer, two legal secretaries, one data processing clerk and a supply officer.

According to Department personnel, the \$7,000,000 request is a tentative figure at this time. Because of the dynamic nature and newness of the oil spill litigation, the Governor could be proposing a much larger amount before the end of session.

POSITION ANALYSIS

Comparing the Governor's proposed FY91 positions with the FY90 Authorized positions indicates an overall net increase of 20 full-time and 2 part-time positions. Three of the new full-time positions are federally funded through the Victim/Witness program.

Because of criminal and civil litigation arising from the Exxon Valdez oil spill, the Department established twenty new full-time positions through revised programs in FY89 and FY90. Thirteen of the new positions address civil litigation and remaining seven positions relate to criminal litigation.

The seven new positions for criminal litigation were not reported in the Department's FY91 operating budget, because, the Department expects criminal litigation to be completed by June 1990.

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DEPARTMENT OF REVENUE

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

SUMMARY ANALYSIS

The largest requested increase of general funds for DOR is in the Fisheries Tax component of shared taxes. The Governor has added \$2.4 million for distribution to coastal communities. Other general fund increments approved include \$206,500 in Child Support Enforcement (two-thirds of the \$607,300 total is federal funds); \$129,800 for Oil and Gas Audit includes \$48,000 for computer system maintenance and \$81,800 to fund personal services short falls (the DOR funding request was \$38,900); \$134,900 covers personal services underfunding in Administrative Services.

Major non-general increases are \$5.8 million for the Permanent Fund Corporation to enter the international securities market, \$2.7 million for the Science and Technology grants program, and \$ 6.02 million to fund anticipated management cost increases for employee retirement funds.

POSITION ANALYSIS

The federal Family Support Act of 1988 mandated changes in Child Support Enforcement which are proposed to add six positions to that component. Two-thirds of the cost is federally funded. Other proposed new positions: two seasonal document processors to answer toll free phones for the PFD component, a full time clerk to assist the Civil section and a full time collection specialist to attempt to recover mis-paid PFD's.

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DEPARTMENT OF EDUCATION

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

SUMMARY ANALYSIS

The Governor's proposed FY91 budget of \$772,484,600 total funds for the department represents a 5.4% increase, or \$39,876,600, over FY90 Authorized. The general fund request for an additional \$39,024,400 is a 6.2% increase over FY90 Authorized.

MAJOR ISSUES

FORMULA PROGRAMS

Foundation Program - the governor proposed an increment of \$37,248,900 based on increased student enrollment, decreases in assessed valuation in municipal school districts, and loss of PL 81-874 revenues.

Cigarette Tax Distribution - includes a decrease of \$100,000 based on estimates of available funds by the Department of Revenue.

The following formula programs are funded at the FY90 level: Student Lunch Program; Tuition Students; Boarding Home Grants; Youth in Detention; Schools for the Handicapped; Pupil Transportation; School Debt Reimbursement; Community Schools.

PROGRAM CHANGES

Education Finance and Support Services - increase of \$229,800 including a position for the PL 81-874 program and one for the teacher certification unit. Federal Food and Nutrition Services and a new Emergency Food Assistance program also receive increases.

Data Management and Processing - increase of \$211,800 includes a transfer from Instructional Technology Support and one statistical technician position.

Education Program Support - includes increments for support of science education, Asian and Russian language programs, the bilingual/bicultural advisory council, as well as transfers between components for a total increase of \$716,600.

Adult and Vocational Education - increase of \$192,700 includes a transfer in from the RIP program plus an increment associated with clients participating in the Family Support Act Jobs Program.

Executive Administration - an increase of \$177,100 including travel for the State Board of Education, and for a program to provide young parents on welfare with educational opportunities to increase their abilities to obtain employment.

Commissions and Boards - the Professional Teaching Practices Commission received a transfer from the RIP program and an increase in program receipts along with the State Arts Council's increments for reinstatement of grants programs and state match for federal grants to local arts agencies totaling \$292,300.

Vocational Rehabilitation - an increase of \$225,000 includes funding for personal services underfunding and for independent living personal care attendants.

Alaska State Library - received increases for personal services shortfall, the federal Library Services and Construction Act program that assists libraries statewide, election year costs for printing the Blue Book, and two positions in Archives for records handling and microfilm services, totaling \$736,700.

Alaska State Museums - an increase of \$111,600 includes a RIP transfer and the addition of 5 full-time and 4 part-time positions for security and visitor services at the museum. Two of the full-time positions are transferred from the Department of Natural Resources.

Postsecondary Education Commission - increases in the WICHE Compact Dues, the WAMI Medical Education program, and the State Educational Incentive Grant Program are included in the \$434,600 increase in this BRU.

Student Loan Corporation - includes a one-time item decrement of \$500,000 from the development and implementation of the new student loan data processing support system.

ORGANIZATIONAL CHANGES

Education Program Support - a new component, Instructional Delivery and Support, is created by combining the Correspondence Study-State and Instructional Technology Support components. This consolidation was done to strengthen the development of distance delivery of education for students enrolled in correspondence and to those districts expanding their course offerings by this approach.

Executive Administration - the costs associated with the State Board of Education including travel, contractual and commodities have been placed in a separate component called State Board of Education in order to track costs associated directly with the State Board.

POSITION ANALYSIS

The governor proposed ten new full-time and four part-time positions plus the transfer of two full-time positions from the Department of Natural Resources for security services at the Museum. Four part-time positions were reclassified to full-time and ten part-time positions were deleted.

The number of authorized full-time positions has increased from 479 in FY90 to 495 in FY91. The number of part-time positions has decreased from 109 to 99.

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

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

SUMMARY ANALYSIS

The Governor's recommended funding level of \$341,624,300 general funds is a 14.6% increase from FY90 Authorized. The total fund budget request of \$562,424,700 is a 19.3% increase from FY90 Authorized.

Some areas of increase in the budget are in welfare reform (\$14,831,600), additional program receipt authority (\$600,400), reclassification of public health and Alaska Psychiatric Institute nurses (\$715,2000), management information needs (\$2,122,700), vacancy reduction and office space replacement (\$554,900), Chlamydia testing and intervention services (\$312,000), and adoption placements of children in state custody (\$389,100).

MAJOR ISSUES

PROGRAM CHANGES

The AFDC Program has been modified by the federal Family Support Act of 1988 (PL100-485). This federal law requires the State to cover qualified two-parent households and creates a new entitlement for child care and medical assistance for a family up to a year after they leave the AFDC Program. The Department will act as the coordinating agency for the various programs involved, especially in the area of receipt of federal funds. Based on recommendations by the Family Support Task Force and the Department, the Governor recommended \$4,028,400 in general funds (\$12,005,400 total funds) for AFDC, Medicaid, and Child Care benefits and \$1,683,100 in general funds (\$2,826,200 total funds) for other services and administration.

The Omnibus Reconciliation Act of 1987 (OBRA) provided many changes to the Medicaid, AFDC, and Supplemental Security Income programs. One of the many requirements of this legislation deals with the deinstitutionalization of the mentally ill and the developmentally disabled. By April 1, 1990 OBRA requires that nursing

home patients, with a mental illness or a developmental disability, must be moved to community placements unless they meet certain medical criteria or have lived in the nursing home for at least 30 months and wish to remain there. The Governor has recommended \$1,473,000 for residential community and outpatient services for both groups, as well as active treatment for the developmentally disabled who remain in nursing homes.

FORMULA PROGRAMS

Total general fund increase for formula programs is \$33,862,600, which represents a 26.6% increase over FY90 Authorized for medical and public assistance, and foster care programs. The funding increase in the public assistance program is due to caseload increases associated with the new Unemployed Parent program and cost of living adjustments. The Medicaid program has the bulk of the increase with \$23,181,000. The Department is preparing a supplemental request to cover current year shortfalls in funding medical assistance due to higher medical prices and greater utilization of medical services by Medicaid recipients.

MENTAL HEALTH LANDS TRUST

In 1986 the legislature enacted legislation as part of a lawsuit settlement concerning the mental health trust lands received from the federal government. Those programs are identified by a separate funding source code, GF/Mental Health Trust, in the FY91 budget. The Department requested \$13,695,200 in new funding for mental health of which the Governor supported \$5,757,900.

Funds added in FY90 and increments requested in FY91 involving developmental disabilities and chronic alcoholics have been identified as GF/Mental Health Trust in components which have been strictly General Fund in the past. There has been no attempt to identify other funds within the base which are being used to provide services to these client groups. This is due to the lack of a functional definition by the Department as to what groups qualify to receive services provided by the trust. Until that definition is established these inconsistencies will continue to occur.

ORGANIZATIONAL CHANGES

With the elimination of the Work Incentive (WIN) program by welfare reform, the Department has changed the name of the WIN component to Alaska Work Programs. Miscellaneous client services, funds to be transferred to other departments and centralized administrative costs related to the welfare reform programs are placed in this new component.

Effective March 11, 1989, Executive Order No. 72 limited the scope of the Medical Rate Commission to advisory. In line with Department policy, the Medical Rate

Commission BRU has been eliminated and the funds have been transferred to a new component, Medicaid Rate Advisory Commission, within the Administrative Services BRU.

On October 3, 1989, the Office of Prevention was established by Administrative Order No. 116. The purpose of this office is to focus the State's attention on a comprehensive prevention program in an attempt to curb the ever increasing costs of social and behavioral problems and expensive treatment services. A new component has been established within the Administrative Services BRU with the transfer of existing prevention funds from other areas of the Department's budget.

POSITION ANALYSIS

A total of 1,907 full-time and 105 part-time positions are included in the Governor's budget request. This reflects an increase of 73 full-time, 2 part-time, and 9 temporary positions. Major increases in positions were related to welfare reform (29 full time positions), changes in food stamp eligibility in relation to Permanent Fund Dividends (7 full time positions), and various staffing needs of the Family and Youth Services offices (21 full time positions).

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DEPARTMENT OF LABOR

The Department of Labor is responsible for enforcing the State's labor laws, providing job placement, paying unemployment claims and reporting labor statistics. The Department also administers the Alaska Worker's Compensation laws and the Fishermen's Fund. There are four divisions within the Department: Employment Security, Administrative Services, Workers' Compensation and Labor Standards and Safety.

SUMMARY ANALYSIS

The Governor's proposed FY91 budget of \$52,660,700 total funds for the department represents a 5.2% increase, or \$2,618,800, over FY90 Authorized. The general fund request for an additional \$1,331,200 is a 11.2% increase over FY90 Authorized.

MAJOR ISSUES

PROGRAM CHANGES

Employment Security - A total of \$1,821,300 is requested to increase training opportunities and develop an Alaskan labor force qualified to fill the number of job openings. This increase will focus on vocational assessment and counseling, industry relations, and specific job training. Increases in federal grants will target mining training for veterans, a labor certification program, and support and training to workers who lost their jobs due to imports. The State Training and Employment Program, established by Ch. 95, SLA 1989, will also receive a revenue increase.

Labor Market Information - In April of 1990, the U.S. Census will be conducted throughout the country. The increase of \$153,700 includes positions to deal with census area population projections and census information distribution. Also in this component is a loss of \$48,000 in federal funds no longer available for a telephone survey of employers to acquire employment data.

Commissioner's Office - The fiscal note of \$44,000 for HB 147 relating to unemployment insurance is deleted as a one-time item.

Workers' Compensation - \$40,000 is included to cover personal services underfunding and \$15,000 for program receipt authority for copy charges.

Labor Standards and Safety - An emphasis on strengthening the safety and health of all Alaskan workers for an increase of \$680,800 is included to cover wage and hour legal support and enforcement, maximize federal grants, increase boiler and pressure

vessel inspections and work place safety inspections through additional field staff and support.

ORGANIZATIONAL CHANGES

Employment Security - a new component is added, State Training and Employment (STEP) Program, as a result of Ch. 95, SLA 1989. This program is funded by a portion of unemployment insurance contributions (0.1) percent, and is designed to enhance training opportunities to Alaskans who do not qualify for other training programs. Funds for the STEP program will also be available through the Department of Community and Regional Affairs via Reimbursable Service Agreement.

The Work Incentive Program (WIN) component has been renamed Alaska Work Programs to correspond with changes resulting from the Family Support Act of 1988. By October 1, 1990, the Job Opportunities and Basic Skills (JOBS) Program will be in place to serve welfare recipients under the new requirements.

POSITION ANALYSIS

The Governor proposed nineteen new full-time positions; eight under Employment Services for developing an Alaskan Labor Force; three in Labor Market Information relating to census activities; one to increase enforcement efforts under Wage and Hour; one for increased inspection capabilities in Mechanical Inspection; six in Occupational Safety and Health for safety inspections in the workplace. Two full-time positions and one part-time position have been deleted.

The number of authorized full-time positions has increased from 589 in FY90 to 606 in FY91. The number of part-time positions has decreased from 157 to 156.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

The Department of Commerce and Economic Development (DCED) has responsibilities in two major areas: Public Protection and Development. Public Protection regulates weights and measures, financial institutions, insurance, public utilities, and licenses various professions. Development provides general assistance to business and manages programs aimed at key economic sectors such as electric power generation, tourism, and fishing.

SUMMARY ANALYSIS

The FY91 total budget request is \$853,100 lower than FY90 authorized, a 1 percent decrease. The general fund portion of the DCED budget has decreased by \$3,690,900, a 5.4 percent decrease. The decrease is primarily due to removal of one time appropriations, funding source changes, and a \$3,000,000 decrement in Fisheries Enhancement Tax Receipts. Those receipts are lower due to the 1989 oil spill and limited fishing in affected areas.

MAJOR ISSUES

PROGRAM CHANGES

Insurance requests funding for an actuary, three rate analysts and a Clerk III to handle a large expected increase in insurance rate filings. Alaska and other states previously utilized rates provided by the Insurance Services Office but that organization will cease filing fully developed property-casualty rates starting January 1, 1990.

Measurement standards includes an increment which will allow it to expand hours at key weigh stations. There is concern over damage to highways caused by loads in excess of legal limits and this would ensure that most commercial truck traffic passing these facilities will be weighed.

FUNDING SOURCE CHANGES

Financial Institutions requests a change in funding source from general fund to general fund/program receipts. This would be accomplished by a conversion of securities section fees totalling \$990,600.

The Alaska Energy Authority proposes two major funding source changes. The first occurs in the Administration component which transfers \$737,700 from General Fund to the Power Development Revolving Loan Fund. A second change reduces General Fund /Program Receipts and increases CIP receipts by \$402,400. This

reflects funding for new and existing O&M positions that will be charged to the Bradley Lake project in FY91.

POSITION ANALYSIS

Measurement Standards adds six weigh station operators.

Insurance adds a financial examiner, an actuary, three insurance rate analysts and a Clerk III.

Occupational Licensing adds a six-month seasonal Occupational Examiner I position to its Administration component and an Investigator III to its Investigations component.

Administrative Services adds a Clerk IV position funded by a line item transfer from contractual services.

The Alaska Energy Authority shows a series of position transfers among components. Three maintenance positions are added to Plant Operations and Maintenance with funding provided by a line item transfer from contractual. A remote maintenance worker is added to the CIP component.

Business Development adds three positions- an economist, a development specialist I and a statistical clerk. These are funded with a combination of state CIP funds and federal EDA funds.

Investments adds three positions to service retirement fund loans. Funding comes from PERS and TRS.

Tourism has created a new Development Specialist position by revised program. A line item transfer of funds from contractual provides funding.

The Alaska Industrial Development and Export Authority created an Accounting Technician II position by revised program. No additional personal services funding was requested for the position.

The Alaska Seafood Marketing Institute adds an office manager position with funding provided by a line item transfer from contractual.

The Alaska Housing Marketing Council has been sunsetted. This results in a reduction of six positions, four of which were full time.

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

The Department of Military and Veterans' Affairs is responsible for the military operations of the State, disaster planning and control, and veterans' programs.

The Office of Adjutant General is primarily responsible for military and administrative operations for the Department.

The Division of Emergency Services is responsible for the State civil defense and disaster response and recovery plans. The Division's loss prevention activities include river dusting and flood watch programs.

The Division of Veteran's Affairs serves as a central point of contact within state government to coordinate veterans' programs and issues. Veterans Services is responsible for the Veterans' Death Gratuity Program.

SUMMARY ANALYSIS

The Governor's FY91 budget of \$15,189,400 in total funds is \$994,700 or 7% higher than FY90 authorized. Federal receipts increased by \$408,000 or 6.1% while general funds increased by \$486,700. In addition, interagency receipts increased by \$100,000 from \$164,300 to \$264,300.

MAJOR ISSUES

PROGRAM CHANGES

Disaster Planning and Control increased by \$200,000 or 10.4%. The increase was due in part to a decline in federal receipts over the past two years. The Governor has proposed additional general funds of \$75,000 to partially offset the loss of federal receipts. In addition, interagency funds of \$100,000 are proposed to provide additional administrative and accounting support for federal disasters.

Additional federal funds in the amount of \$201,300 and \$67,100 in general funds are provided in the Army Guard Facilities Maintenance Component for operational support of the new Juneau and Nome hangers. The Governor has also proposed additional general funds in the amount of \$170,000 for space rental, upkeep, utilities and janitorial services for facilities throughout the State.

The Governor has proposed a formula funding increase in the amount of \$90,000 for the Death Gratuity program.

FUNDING SOURCES

The budget is about equally funded by general funds and federal receipts.

POSITION ANALYSIS

The Governor approved 4 new positions, 3 full-time positions for the Emergency Management Assistance Component and 1 full-time position for the Air Guard Facilities Maintenance Component. The Governor has proposed a total of 106 full-time and 6 part-time positions for FY91.

DEPARTMENT OF NATURAL RESOURCES

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

SUMMARY ANALYSIS

The Governor's proposed FY91 budget for the Department of Natural Resources is \$ 56,909,000 in total funds, a 6.6% increase over FY 90 authorized. General funds increase from \$45,330,400 to \$46,853,700, a 3.4% increase. Federal receipts increased by \$2,036,500 or 57.5%.

MAJOR ISSUES

PROGRAM CHANGES

The Governor has proposed the creation of a Pipeline Coordinator Office to oversee existing pipelines and review the design of the proposed Yukon Pacific gas pipeline. Funding for this project will be \$785,700 in general fund program receipts and \$55,000 in interagency receipts.

The Governor is recommending increments to Land and Water Management. The increments are for: (1) dam inspection and safety program in the amount of \$50,000; and (2) contract administration for land disposal program in the amount of \$100,000.

The budget provides for \$2,600,000 in federal receipts for fire suppression activities. Federal receipts for fire fighting activities were not budgeted for in FY89 and FY90.

The governor suspended the State's five year oil and gas program for FY90. The Governor has requested an increment in the amount of \$701,900 to resume the program.

FUNDING SOURCES

The majority of the budget is general funds. Federal Receipts are \$5,578,200 or about 10% of the total budget.

POSITION ANALYSIS

Overall, 10 new full-time and 3 part-time positions are proposed for FY90 for a total of 597 full-time, 318 part-time and 1030 temporary employees.

DEPARTMENT OF FISH AND GAME

The Department of Fish and Game (DFG) manages and regulates the living resources of the state through its six operating divisions: Commercial Fisheries manages wild fish stocks for the billion dollar seafood industry. Fisheries Enhancement and Rehabilitation Division (FRED) reinforces natural runs through lake and stream rehabilitation fish ladders and hatchery programs. Sport Fish Division serves the 380,000 non-commercial fisherman of Alaska.

The Wildlife Management Division is responsible for both game and non-game species. Habitat Division works with the public and private sectors to insure that development projects minimize the degradation of fish and wildlife resources. Subsistence Division was established by statute to monitor the subsistence consumption of resources. The division provides the Boards of Fish and Game with the data necessary to protect this traditional lifestyle.

The Commercial Fisheries Entry Commission (CFEC) is not a part of DFG, but is included in its budget for administrative convenience. CFEC manages the limited entry program for commercial fisheries.

SUMMARY ANALYSIS

The Governor has requested a \$4.3 million increase for DFG in FY91, however, the major part of the increase resulted from the inclusion of \$3.5 million in U.S./Canada salmon treaty funds (federal) in the FRED budget. These funds have been handled through revised programs for the past several years.

The proposed general fund increase is \$900,500. The largest increment is \$350,000 to fully fund the local and regional advisory committees in Division of Boards. This component also includes \$125,000 general fund to replace reduced ANILCA funding. The same increment is proposed for the Subsistence Division.

Wildlife Conservation receives a proposed increase of \$100,000 GF for research projects on marine mammals, marten, and brown bear habitat. The Governor also proposed \$146,100 GF to cover increased costs for equipment leased from the Department of Transportation and Public Facilities.

MAJOR ISSUES

During FY1990 the department created a Division of Oil Spill Assessment, but the budget data has not been included in the December 15 submission. This operation has been funded by the Valdez Oil Spill Assessment Trust, which in turn, is funded

by the Exxon Shipping Company as required by federal statute. Budget details are expected to be provided by the Governor's Office in January.

POSITION ANALYSIS

The DFG has made substantial adjustments in its position counts within the adjusted base. This has resulted in an increase of sixteen full-time positions and a reduction of 26 part-time positions. One truly new position, a federally funded economist, has been added to Commercial Fisheries Division for the Bering Sea Cooperative Management project. A division director for international fisheries, funded by the Governor's Office in FY90 has been transferred into the Commissioner's Office. As indicated above, Oil Spill Assessment Division position information is not yet available.

DEPARTMENT OF PUBLIC SAFETY

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

SUMMARY ANALYSIS

The Governor proposes a FY91 total funding level of \$84,619,000 and a \$79,206,100 level for general funds. This represents an increase of 5.4% and 4.5% respectively, over the FY90 authorized budget.

MAJOR ISSUES

PROGRAM CHANGES

There are two title changes in the FY91 budget. The Budget Request Unit (BRU) titled, "DPS Statewide Support", was previously known as "DPS Administration". The component titled, "Alaska Public Safety Information Network", was previously described as "Information Systems".

There is a new component within the Statewide Support BRU titled, "Alaska Criminal Records and ID". According to Department personnel, the criminal records function has assumed such a magnitude that it warrants a separate budget entity. The criminal records function was previously included in the Administrative Services and Information Systems component.

The Governor has proposed the following increments for the purposes expressed and in the amounts listed:

A general fund increment of \$418,300 is proposed within the Enforcement and Investigative Services component. The increment would maintain personnel levels in fish and wildlife enforcement, and pay for increased rates associated with the state equipment fleet.

A \$111,000 increment of general funds and program receipts in the Fire Prevention Operations component would provide for a new fire marshall position in the Fairbanks area and the associated support costs.

A program receipt increment of \$60,000 in the Fire Service Training component would provide advanced fire training for small communities.

The Commercial Vehicle Safety program is proposed with a general fund increment of \$44,200 as "matching" funds for \$175,000 in federal dollars. The funding would provide for four full-time inspectors and one part-time documents processor. The inspector positions will inspect vehicles to insure compliance with safety regulations.

The Field Services component in the Motor Vehicles BRU is proposed to include a general fund-program receipt increment of \$49,300 to fully fund personal service costs of the part-time staff.

The Detachment component is proposed to include a general fund increment of \$1,542,300. The additional funding will enable the Alaska State Troopers to fill twelve vacant trooper positions, hire an additional 12-13 cadets from the trooper academy, and pay rate increases associated with the state equipment fleet.

The Narcotics Task Force component includes a proposed general fund-program receipt increment \$568,000 as matching funds for \$1,704,000 in federal funds. The funding will provide for two new investigator positions and two new clerk typists. The purpose of the increment is to enhance drug enforcement.

A federal fund increment of \$20,000 for the Violent Crimes Compensation Board will increase grant dollars to victims.

A general fund increment of \$39,600 in Domestic Violence and Sexual Assault will enable the Council to convert a part-time position to full-time. Additionally, a \$78,500 increase in federal and inter-agency funds will improve services to victims.

The Contract Jails component includes a proposed general fund increment of \$440,400 to meet increased costs for housing state prisoners in local jails.

A general fund increment of \$200,000 in the Laboratory Services component is proposed to provide for a new clerk position and allow a vacant serologist position to be filled.

An interagency receipt increment of \$79,900 in the Alaska Public Safety Information Network will improve computer support to major divisions.

The Criminal Records and ID component has a general fund increment of \$196,000 which will enable the Department to keep positions filled to perform criminal history record checks.

POSITION ANALYSIS

Comparing the Governor's proposed FY91 positions with the FY90 Authorized positions indicates an overall net increase of 13 full-time positions and a decrease of 4 part-time positions.

One of the new full-time positions relates to a fiscal note associated with recently enacted legislation -- Mandatory Auto Insurance (CH 108, SLA 1989). Furthermore, eight of the new full-time positions are primarily funded through federal funds.

The Department has requested 18 temporary positions for the trooper academy. This will bring the total of temporary positions in the Training Academy component to 30.

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

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

SUMMARY ANALYSIS

For FY91, the Governor's proposed budget for the Department of Transportation and Public Facilities is \$284,326,800 in total funds, a \$4,692,400 or 1.7% increase over FY90. The general fund portion when compared to FY90 authorized is increased by \$4,218,900 or 2.6%.

MAJOR ISSUES

PROGRAM CHANGES

Maintenance and Operations Components were increased by \$598,700 for FY91 for: (1) increases in lane miles; (2) increases in size of airports; (3) illumination of highways and airports; (4) state equipment fleet fee increases; and (5) new state facility maintenance responsibilities.

The Governor has proposed increased funding in the amount of \$252,000 for the increased cost of rural airports maintenance contracts with local governments or contractors.

The Governor has also proposed increments for State Equipment Fleet Components in the amount of \$1,216,100 to provide adequate maintenance and timely replacement of equipment.

The Alaska Marine Highway system was increased by \$1,878,100 to bring the FY91 service in Southeast up to the level experienced in FY88. According to the administration, this increment purchases an additional five weeks of service for M/V Columbia and nine weeks for a LeConte/Auroa combination. There is also an increment for Southwest to maintain service at the current level.

Dalton Highway funding in the amount of \$4,400,000 has been switched from general fund program receipts to general fund.

FUNDING SOURCES

The budget is funded approximately equally by general and other funds.

The majority of the other funds are International Airport Revenue and Capital Projects. Federal Receipts make up about 1% of the budget.

POSITION ANALYSIS

The Governor approved no new positions for FY91. For FY 91, the department has 2763 full-time and 819 part-time positions.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The mission of the Department of Environmental Conservation (DEC) is to protect public health and the environment. DEC provides statewide water and sewer construction, management, and technical assistance. It inspects restaurants and food processors. DEC also has broad responsibilities in the highly technical area of pollutant and hazardous waste control. This is the lead agency for oil spill management.

SUMMARY ANALYSIS

The Valdez oil spill placed DEC at the center of state (and national) attention. The FY1990 budget was substantially increased over FY1989, from \$20 million to \$29 million. For FY1991 the Governor proposed an additional \$3.7 million, \$2.9 of which is general fund.

MAJOR ISSUES

The Governor has requested \$470,000 (\$350,000 GF) to expand the Remote Maintenance Worker Program, provide utility management and business services, and enhance the operation of village safewater systems.

Environmental Health increments total \$489,300 (\$403,800 GF): \$109,300 GF is requested for a reindeer inspection program, \$249,800 GF to increase seafood inspection capabilities, and \$130,200 (\$44,700 GF) for the Palmer lab facility, mostly for a pesticide monitoring program.

The bulk of the requested increments fall into the Environmental Quality Projects component: \$518,000 from the Oil and Hazardous Substance Release Response Fund will be used to clean up ten additional contaminated sites.

General fund requests total \$2,156,300:

\$915,500 to enhance oil spill prevention and response (17 full-time positions).

\$481,200 for hazardous waste management under RCRA (7 full-time positions).

\$437,000 for an investigation and enforcement unit (5 full-time positions).

\$186,000 to expand the Prince William Sound Office (2 full-time positions).

\$136,600 for toxic air contaminant control positions (2 full-time positions).

The Governor's requested budget for DEC represents a 13.5 percent increase (17.3 % GF) over the FY1990 authorized.

POSITION ANALYSIS

Five full-time and 1 part-time position are proposed to be added to Facilities Construction and Operations to provide maintenance and management assistance to remote villages.

Environmental Health has the proposed addition of a veterinarian for reindeer inspection, three seafood inspectors, and two positions at Palmer for pesticide control.

The Governor proposed 33 Environmental Quality Projects component new positions (as indicated in parentheses) for the increments listed above. In addition nineteen positions were created in the adjusted base (funded by transfer of contractual monies) for various programs including Leaking Underground Storage Tank (LUST), air and water quality, and oil and hazardous response.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

The Department of Community and Regional Affairs is responsible for providing a wide range of services to local governments and unincorporated communities in the form of grants and direct technical assistance. The Department administers the following grant programs: State Revenue Sharing; Municipal Assistance; Rural Development Grants; Organizational Grants; the Day Care Assistance Program and Child Care Grants; Community Service and Community Development Block Grants; and Energy and Weatherization Grants. The Department also administers the Housing Assistance Loan Program, the Job Training Partnership Act, and the Municipal Land Trustee Program required by the Alaska Native Claims Settlement Act. Additional responsibilities have been placed on the department through passage of the federal Family Support Act of 1988 in child care and job training, Ch. 95, SLA 1989 establishing the State Training and Employment Program (STEP), and Ch. 62, SLA 1989 creating the Business Incentive Training Program.

SUMMARY ANALYSIS

The Governor's proposed FY91 budget of \$157,095,000 total funds for the department represents a 3.2% increase, or \$4,887,100, over FY90 Authorized. The general fund request for an additional \$3,699,000 is a 3.0% increase over FY90 Authorized.

MAJOR ISSUES

FORMULA PROGRAMS

Senior Citizens/Disabled Veterans Tax Relief is funded at the FY90 level.

Organizational Grants - Includes \$100,000 to fund the third and final year of the Lake and Peninsula Borough organizational grant and \$25,000 for the second and final year for the City of Coffman Cove.

State Revenue Sharing and Municipal Assistance are funded at the FY90 level.

Family Support Act-Child Care Services - provides a total of \$4,125,400 for children services required under the new Family Support Act.

PROGRAM CHANGES

Administration and Support - overall there is a decrease in this BRU of \$356,900 due to deletion of legislative add-ons and one-time items for various grants. There

are increases dealing with accounting and tracking of Family Support Act programs, accounting for the Housing Loan program, and federal reporting requirements.

National Forest Receipts - the department is requesting increased federal authority of \$1,200,000 based on estimates from the U. S. Forest Service of funds that will be available for distribution based on revenues from timber harvest activities on National Forest lands.

Local Government Assistance - increase of \$178,600 includes a new position for the FOSTER program, an assistant state assessor and an increase in federal receipts for the National Flood Plain Insurance Program.

Child Assistance - an increase of \$6,250,400 for this BRU includes \$4,125.4 for the FSA Child Care Services, \$985,800 for management of the FSA Child Care Program including 5 positions, \$1,000,000 for expanding the Head Start Program, increases in staffing for the state child care programs, and a decrease in federal dependent care grant funds.

Employment and Training (formerly Job Training Partnership Act) - has a decrease of \$7,800,700 due mainly to the restructuring of the JTPA components. There are some increases relating to implementation and coordination of the Family Support Act JOBS Program and increases in vocational education grants.

Statewide Service Delivery - this new BRU is created largely through transfers as a result of restructuring and some increases in STEP and JTPA funds for an increase of \$5,241,400.

Energy Programs - the decrease of \$52,200 in this BRU is due to transfers and consolidation of the Energy Conservation and Weatherization components plus an increase to cover the administrative costs for the Capital Retrofit Program to reduce operating costs of rural community facilities through energy efficiency.

Community Development - is a new BRU including Block Grants, Rural Development Grants and a new Community Development Assistance component made up from transfers and an increase for one economic development specialist for an increase of \$456,500.

Housing Assistance - shows a decrease of \$30,000 due to transfers and eliminating excess interagency receipts.

ORGANIZATIONAL CHANGES

The budget has been restructured to conform to the organization within the department beginning with the Commissioner's Office and the Division of Administrative Services, followed by the Municipal and Regional Assistance

Division, and finally the Rural Development Division. The components have been moved to their appropriate location within the organization structure.

The major changes involve the Employment and Training BRU (formerly Job Training Partnership Act BRU) which is made up of a JTPA component, a State Employment and Training component, and a new FSA JOBS component. The JTPA component is the result of consolidation of the Youth Programs, Governor's Training and Workers Adjustment Assistance components. Also, a new BRU, Statewide Service Delivery, was created via transfers from these and the Training/Energy Field Offices components. This new BRU will more accurately reflect the direct program delivery and administration of job training programs outside of Anchorage, Mat-Su, and Fairbanks, including the regional offices and staffing for the Statewide Private Industry Council. This change simplifies the receipt of federal JTPA funds, eliminating the interagency receipts and RSA's required under the previous structure.

The Weatherization component has been consolidated into Energy Conservation and there are two new components relating to FSA child care; FSA Child Care Services and FSA Management. Also, there is a new Community Development BRU consisting of Block Grants, Rural Development Grants and a new Community Development Assistance component.

POSITION ANALYSIS

The Governor approved twenty new full-time positions; nine resulting from implementation of Family Support Act programs, two for child care staff, an assistant state assessor, one economic development specialist and a FOSTER position, a loan examiner and accounting position, and two JTPA positions. In addition, two full-time positions were created for the STEP program via the fiscal note approved for Ch. 95, SLA 1989. Four full-time positions were deleted.

The number of authorized full-time positions has increased from 184 in FY90 to 200 in FY91. There are no part-time positions authorized.

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DEPARTMENT OF CORRECTIONS

The primary responsibilities of the Department of Corrections are to administer the State's penal institutions and supervise the probation and parole of offenders. For FY91, the Department will operate 13 probation/parole field offices. As of November 1989, 5,937 persons were under the jurisdiction of the Department. This is a net increase of 272 persons, when compared to those under jurisdiction during November 1988. The nature of the jurisdiction consists of the following:

<u>November</u> <u>1989</u>	<u>November</u> <u>1988</u>	
2,515	2,385	Persons in Alaska Institutions
75	91	Persons in Federal Prisons
5	4	Persons in Minnesota Prisons
208	232	Persons in Community Residential Centers
513	462	Persons on Parole
2,621	2,491	Persons on Probation

As part of an effort to rehabilitate inmates, the Department manages the following programs: education and sex offender programs, alcohol counseling, medical services, community residential and restitution centers.

SUMMARY ANALYSIS

The Governor proposes FY91 total funding level of \$98,280,300 and a \$95,017,600 general fund level. This represents an increase of 1.5% and 2.1% respectively, over the FY90 Authorized Budget.

MAJOR ISSUES

PROGRAM CHANGES

The Governor has proposed the increments in the following components for the purposes expressed and in the amounts listed:

A "capital improvement receipts" increment of \$58,100 in the Facility Capital Improvement component will provide for a facility planner position.

In the Administrative Services component a general fund increment of \$137,300 is requested for increased expenses relative to medical malpractice insurance.

A general fund increment of \$104,000 in the Statewide Programs component will pay for administrative costs associated with post-secondary education courses in

prisons. A court ruling has required the State to pay for the administrative costs. An additional general fund increment of \$45,100 will support an administrative position to monitor contracts.

The Statewide Program component is requesting an additional \$400,000 in general funds to pay for a new halfway house for chronically mentally ill inmates.

A general fund increment of \$180,000 in the Training Unit component will pay for the lease on a new training center for correctional officers. An additional increase of \$12,000 in general funds will subsidize the cost of the psychological screening exam for job candidates of correctional and probation officer positions. A psychological screening is required for correctional and probation officers to become certified.

In the Major Medical component a general fund increment of \$500,000 will support increases in medical care.

A general fund increment of \$110,800 in the Northern Region Probation component will provide for a new probation officer in the Fairbanks district office to address probation case loads and maintain current staff levels.

A general fund increment of \$225,500 will provide funds to staff the new 50 bed orientation unit in the Palmer Correctional Center. The increment will enable the Department to hire ten new correctional officers.

In the Cook Inlet Pre-Trial component a "general fund-mental health receipts" increment of \$189,000 will provide for a treatment unit to help the chronically mentally ill. The increment will support five new nurse positions and five new psychological nurse assistants.

A general fund increment of \$51,600 in the Southcentral Probation component will add one new probation officer in Anchorage to address probation case workloads. An additional \$51,700 general fund increment will maintain current staff levels.

POSITION ANALYSIS

Comparing the Governor's proposed FY91 positions with the FY90 Authorized positions indicates an overall net increase of 25 full-time positions. Part-time positions remained at the same level as FY90. One of the new positions relate to a fiscal note associated with recently enacted legislation -- Rights of Crime Victims (Ch 59, SLA 1989). Five of the new positions were established by revised program in the Department's FY90 operating budget.

UNIVERSITY OF ALASKA

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

SUMMARY ANALYSIS

The Governor's proposed FY91 budget for the University of Alaska is \$163,094,200 general funds which is a 2.7% increase over the FY90 Authorized. The total funds budget of \$307,077,900 is a 5.1% increase from FY90 Authorized and a 14.4% increase from FY89 actual. Major funding increases include improving the quality of education through teacher education (\$1,362,700), tuition waivers for low income students (\$300,00), basic or core area courses (\$589,300), and various research and graduate programs (\$858,600).

MAJOR ISSUES

PROGRAM CHANGES

In an effort to strengthen the University's science instruction and research, the Governor has recommended the creation of a research and graduate program in biotechnology, incorporating biochemistry and molecular biology. The immediate outcomes anticipated from this program include: diagnosis of fish toxin; an understanding of the predisposition of alcoholism; genetic engineering to enhance tree growth; and natural products manufactured from algae. The cost of this program has been estimated at \$250,000.

Funds have been included in the Governor's budget request to establish a program on natural resource policy analysis and assessment to aid Alaska in reassessing and refocusing its future in wise natural resource development. This increment provides \$250,000 for this purpose.

FACILITIES

To bring several new facilities on line, the Governor has recommended increments for fixed maintenance and support costs for these facilities. Increments within the budget include support for the Synthetic Aperture Radar (SAR) facility (\$193,600), the Institute of Arctic Biology Greenhouse (\$97,500), and the Mineral Industry Research Coal Lab (\$67,500).

The Governor's budget provides full funding support for the operation of facilities brought on line, but only partially funded, in FY90 . That support includes funds for the new library on the Juneau campus (\$124,000) and for the new Mt. Edgecumbe facility (\$10,000). An increment was recommended by the Governor for increased utility costs at the Kenai Peninsula campus (\$36,000).

ORGANIZATION CHANGES

In response to the implementation of new procurement regulations, the University transferred funds from each regional campus to the Statewide Services BRU to provide a centralized procurement office. Each regional campus will have a Deputy Procurement Officer reporting directly to the Statewide Chief Procurement Officer.

The Governor's budget request includes the decentralization of funding for insurance premiums, loss prevention and claims costs from Statewide Services BRU to the regional campuses. This is due to an inability to obtain such funding and the decision to implement a chargeback system. Another move to decentralize certain funds is in the area of Statewide Networks. Academic computing functions and responsibility for the VAX computers is being transferred to the major campuses.

The University has determined that the Justice Research Program previously included in the Anchorage Organized Research BRU is more appropriately a departmental research program rather than organized research and has transferred it accordingly.

POSITION ANALYSIS

The Governor has requested 3,244 full-time and 302 part-time positions for the University. This is an increase of 8 new full-time and 3 new part-time positions created by line item transfers. Also, it includes 3 new permanent part-time positions. Actually, it was the intent of the Governor's Office not to authorize any new positions: the personal services funding provided in requested increments is to be placed in the University's labor pool to assist in alleviating its vacancy assessment. The requested increase in personal services over the FY91 Adjusted Base is \$5,446,200 from all funding sources.

AGENCY REQUEST NOT SUPPORTED BY GOVERNOR

The University requested a 12.2% increase in general funds from FY90 Authorized. Two major increments not included in the Governor's request are \$2,500,000 for a market based compensation adjustment to make the University's salaries more competitive and \$1,000,000 to reduce the vacancy assessment caused by general salary increases for university staff. The University requested funding increases in several areas including student services, vocational/technical programs, library services, routine maintenance and repairs of facilities, hazardous material handling, and equipment replacement.

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ALASKA COURT SYSTEM

The Alaska Court System is the judicial branch of state government whose authority resides in Article IV of the Alaska Constitution and Title 22 of the Alaska Statutes. There are four levels of courts: supreme court, court of appeals, superior court, and district court. Judges preside in each of the courts except the district court where magistrates may also preside. The supreme court and superior court is established in the state Constitution; the district court and court of appeals by statute.

SUMMARY ANALYSIS

The Governor is recommending the request as presented by the judicial branch--a 1.9 percent increase over the current budget levels.

The Court System request of \$39,500,800 is an increase of 1.5 percent.

The Commission on Judicial Conduct and the Judicial Council are budgeted separately.

The Court System budget is presented in three components: Appellate Courts, Trial Courts, and Administration and Support..

Appellate Courts

The Appellate Courts are requested at the current level--no increase.

Trial Courts

Summary of changes to the current budget:

•delete one-time item	-\$44,300
•transfer to Administration & Support	-100,000
•new positions	335,300
•rental space improvements	139,200
•new equipment	28,800
•leasehold space remodel	30,000

Administration and Support

Summary of changes to the current budget:

•transfer from Trial Courts	\$100,000
•new positions	101,900

FUNDING SOURCES

The Court System is entirely supported from the general fund.

POSITION ANALYSIS

Trial Courts--adds eight new full-time positions and upgrades two part-time to full-time for increased workload.

Administration & Support--adds three full-time positions for personnel and payroll support, supervision of community work service defendants preparing court documents for microfilming, and a library assistant to allow better use of professional staff.

COMMISSION ON JUDICIAL CONDUCT

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

The Commission's budget request is for \$334,100.

The FY91 request includes a \$168,700 increment to improve the Commission's investigative capacity--which would double the current budget. The increment includes a new investigator position and upgrades an existing support position.

The Commission is entirely supported from the general fund.

JUDICIAL COUNCIL

The Council is constitutionally established to nominate candidates to the Governor to fill Supreme Court and Superior Court judicial vacancies; to conduct studies; and make recommendations to the Supreme Court and Legislature for improvements in the administration of justice. The Council is also mandated by statute to nominate candidates for vacancies in the Court of Appeals and District Courts; and Public Defender. The Commission is also empowered by statute to evaluate justices and judges in retention elections.

The Judicial Council requests \$442,100 for FY91 including \$40,000 for two increments for expected increases in judicial vacancy nomination workload and expansion of the Commission's sentencing information database. This would increase the general fund support ten percent. Federal funding for a plea bargaining ban/presumptive sentencing study ongoing during FY89-90 is deleted in the FY91 request.

No new positions are requested.

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ALASKA STATE LEGISLATURE

The Alaska State Legislature is the legislative branch of state government as provided in the Alaska Constitution.

The Legislature's budget is presented in four major units:

- Budget and Audit Committee (Legislative Audit and Finance Divisions, Finance Committees, Committee Expenses)
- Legislative Council (Affairs Agency)
- Legislative Operating Budget (Leadership)
- Ombudsman

The budget requests of the Budget and Audit Committee are prepared by the Legislative Auditor and Legislative Fiscal Analyst according to their respective constitutional and statutory areas of responsibility.

The Legislative Affairs Agency submits its budgets for the Legislative Council and Legislative Operating Budget.

By statute, the Ombudsman prepares and submits the Ombudsman office budget directly to the finance committees. The Governor's budget simply reflects the current year appropriation.

SUMMARY ANALYSIS

The legislative budgets submitted to the Governor are tentative and are for information purposes. The actual requests are submitted to the finance committees during session. The final budgets are developed in the conference committee process.

The tentative \$31,378,100 legislative budget is approximately 10 percent below the current fiscal year 1990 authorizations.

The tentative budget is essentially at maintenance levels but also reflects savings resulting from the creation of the joint Legislative Research Agency--replacing the formerly separate House Research and Senate Advisory Council.

FUNDING SOURCES

The Legislature budget is almost entirely supported from the general fund.