

The Fiscal Year 1992 Budget:

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



Legislative Finance Division

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Note: This overview is of the budget proposal made public by the Governor on January 24, 1991.

SPENDING PLAN

The Governor's proposed FY92 budget, presented to the First Session of the Seventeenth Alaska Legislature on January 24, 1991, requires appropriations totaling \$3,276,771,900. Of this amount, \$2,239,979,900 or 68.3 percent, is unrestricted general fund. Compared with appropriations made during the 1990 session, this spending plan includes:

- an overall decrease of \$255,900,000 or 10 percent in general fund and general fund program receipts;
- decreases of 3.9 percent in the operating budget and 25.5 percent in the debt service budgets and an increase of 19.7 percent in loan programs; and
- \$50,271,200 of the general fund represents program receipts.

OPERATING BUDGET

The Operating Budget includes two major segments: state agency operations and formula programs. The amount requested for agency operations in FY92 is \$1,085,702,100 which represents 52 percent of the operating budget. Formula programs are requested at \$1,018,241,900 or 48 percent of the operating budget.

State Agency Operations funds the actual costs of the administration of State government and the direct public services it provides. For FY92, the Governor is proposing a 7 percent decrease from the FY91 Authorized amount of \$1,167,269,400.

Formula Programs are those which flow-through State agencies to municipalities and individuals, *e.g.* Education Support, Municipal Assistance, Revenue Sharing, Longevity Bonus, *etc.* By far the largest formula program is the School Foundation Program which, at \$467,143,900 in the Governor's spending plan, accounts for 22.2 percent of the total general fund operating budget. Formula funded programs show a decrease from FY91 Authorized of

\$2,894,500 or 0.3 percent. Although increases are shown in the Medical and Public Assistance Programs, corresponding reductions have been identified in the School Foundation Program, Municipal Assistance, and Power Cost Equalization.

Within personal services, the Hickel budget expects state agencies to absorb several increases. All agencies have been affected by a 5 percent COLA increase (approximately \$34 million), a 2.28 percent increase in Public Employment Retirement System (PERS) contributions (approximately \$16 million), and a \$17.50 per month per employee increase in health benefits (approximately \$4.2 million). It was left to each agency as to how these increases would be absorbed within the respective budgets. All operating budgets were given increments for the COLA increase, but each agency decided if it would then take a corresponding decrement to personal services or reduce or eliminate other specific programs. Position reports (PACS) that have been prepared by each agency include further refinement of deletion of positions or adjustments to vacancy rates which may not correspond to the position summaries found in this document nor to the Shortforms prepared by the Legislative Finance Division.

CAPITAL BUDGET

The Governor's initial FY92 spending plan earmarks \$10,700,000 in general funds for the capital budget. When the actual capital budget is submitted, it is expected to be proposed at a higher amount.

LOAN PROGRAMS

The Governor's proposed loan budget consists of two parts: (1) an expenditure item in an appropriation of \$16,425,000 from general fund to the Student Loan Program (\$10,000,000), Fisheries Enhancement Loan Fund (\$1,394,000), Alaska Clean Water Loan Fund (\$2,190,000), Bulk Fuel Revolving Loan Fund (\$666,000), and Housing Assistance Loan Fund (\$2,175,000), and (2) as a revenue measure in an appropriation of \$10,557,000 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

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

General obligation bonds provide funds for a variety of capital improvements that have been authorized by law and ratified by the voters. Debt service requirements dropped sharply after 1990 as a result of the State limiting the maturities of State debt to conform with projected oil production generated from the Prudhoe Bay field. The amount needed for GO debt service for FY92 is 28.6 percent less than the amount required in FY91 (see Debt Service Summary).

School debt retirement is a statutory program in which the State funds a portion of the debt retirement costs municipalities incur for school construction. For FY92, the Governor proposes funding 83.9 percent of the eligible school debt retirement.

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

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):

Debt Service Summary

| | FY90 <u>ACTUAL</u> | FY91 <u>AUTH</u> | FY92 <u>GOV</u> |
|------------------------|-----------------------|---------------------|--------------------|
| General Obligation | \$120.4 | \$95.6 | \$68.3 |
| State Bond Committee | | | |
| Lease Payments | 12.1 | 12.1 | 11.9 |
| School Debt Retirement | 108.9 | 116.7 | 108.2 |
| Total | \$241.1 | \$224.4 | \$188.4 |

The Fiscal Year 1992 Budget:

FY91/92 BALANCE SHEET GENERAL FUND (in millions of dollars)

| | SCENARIO A | - Dept. of Revenue Conservative |
|---|----------------|---|
| FY 90 CARRY FORWARD | 300.1 | |
| FY91 Revenues [1] | 3,165.0 | \$23.02/bbl (DOR 1/91 Update) |
| Railbelt Energy Fund | 127.2 | |
| FY91 Adjustments to Revenue | 84.7 | |
| FY91 AVAILABLE | 3,677.0 | |
| FY91 Expenditures | | |
| Operating | 2,038.4 | |
| Debt Service | | |
| -G.O. Debt | 95.6 | |
| -School Debt | 116.7 | |
| -Other Debt | 12.1 | |
| Capital | 274.0 | Includes Railbelt Energy Fund |
| Loans | 13.7 | |
| Budget Reserve Fund | 30.0 | |
| Permanent Fund Reimb-HB 511 | 1.5 | |
| Science & Tech Endowment | 32.0 | Transfer completed 11/90 |
| Supplementals - Operating | 100.0 | OMB 1/31/91 Balance Sheet |
| Supplementals - Capital | 250.0 | OMB 1/31/91 Balance Sheet |
| FY91 Expenditures | 2,964.0 | |
| Due Constitutional Budget Reserve Fund [2] | -275.2 | |
| Carryforward/ | | |
| Due Statutory Budget Reserve Fund [3] [4] | 437.8 | |
| FY92 Revenues [1] | 1,996.0 | \$15.23/bbl (DOR 1/91 Update) |
| FY92 Adjustments | 54.2 | From OMB |
| FY92 AVAILABLE | 2,050.2 | |
| FY92 Expenditures | 2,050.2 | |
| Operating | 1,995.8 | Governor Hickel's 1/24/91 Budget |
| Debt Service | | |
| -G.O. Debt | 68.3 | |
| -School Debt | 108.2 | |
| -Other Debt | 11.9 | |
| Capital | 10.7 | OMB 1/31/91 Balance Sheet |
| Loans | 16.4 | |
| Oil/Hazardous Fund | 28.5 | |
| FY92 EXPENDITURES | 2,239.8 | |
| FY92 CARRYFORWARD [4][5] | 248.2 | |

DOR FALL FORECAST

| \$/bbl | Rev. |
|--------|---------|
| 15.00 | 1,932.0 |
| 16.00 | 2,073.0 |
| 17.00 | 2,213.0 |
| 18.00 | 2,353.0 |
| 19.00 | 2,493.0 |
| 20.00 | 2,633.0 |

[1] Revenues are based on Department of Revenue's January update to the fall 1990 forecast.
 [2] Includes \$213.8 for ARCO, \$.2 for Freeport, and \$.4 for Marathon in royalty settlements, and \$28.1 for Exxon and \$32.7 for Mobil for corporate and severance tax settlements.
 [3] CH 209, SLA 90, Sec. 20(b)
 [4] Pending litigation could result in a portion of carryforward funds being designated for future mental health programs. (\$73.2 associated with FY91 revenues and \$12.9 associated with FY92 revenues, for a total of \$86.1)
 [5] It is possible to eliminate the deficit in FY92 if a portion of the FY91 carryforward is used instead of being transferred to the Statutory Budget Reserve Fund.

FY92 GOVERNOR'S BUDGET
Unrestricted General Fund
(in millions of dollars)

| | FY91 CC | FY91 AUTH | FY92 GOV | -PERCENT CHANGE- | |
|------------------------|--------------------|----------------------|---------------------|--------------------------|----------------------------|
| | | | | FY92/ FY91 CC | FY92/ FY91 AUTH |
| Operating: | | | | | |
| Agencies | 1,209.5 | 1,167.3 | 1,085.7 | -10.2% | -7.0% |
| Formula Programs | 927.7 | 904.4 | 910.1 | -1.9% | 0.6% |
| School Debt | 129.7 | 116.7 | 108.2 | -16.6% | -7.3% |
| Total Operating | 2,266.9 | 2,188.4 | 2,104.0 | -7.2% | -3.9% |
| Capital [1] | 231.8 | 146.8 | 10.7 | -95.4% | -92.7% |
| Loans | 13.7 | 13.7 | 16.4 | 19.7% | 19.7% |
| Debt Service [2] | 107.6 | 107.6 | 80.2 | -25.5% | -25.5% |
| TOTAL | 2,620.0 | 2,456.5 | 2,211.3 | -15.6% | -10.0% |

Note: 1] The Governor's FY92 capital budget request is an estimate.
2] Includes General Obligation and Lease Payments.

FY 92 OPERATING BUDGET SUMMARY
Unrestricted General Fund
(in thousands of dollars)

| | FY90 ACTUALS | FY91 AUTH | FY92 GOVERNOR | FY91 AUTH/FY92 GOV | |
|--------------------------|-----------------|--------------|------------------|--------------------|--------|
| | | | | \$ | % |
| Operating Budget | 2,103,186.4 | 2,188,405.8 | 2,103,944.0 | -84,461.8 | -3.9% |
| Less: Formula | 970,816.0 | 1,021,136.4 | 1,018,241.9 | -2,894.5 | -0.3% |
| Agency Operation | 1,132,370.4 | 1,167,269.4 | 1,085,702.1 | -81,567.3 | -7.0% |
| Formula Programs | | | | | |
| Longevity Bonus | 57,172.7 | 55,858.0 | 55,353.6 | -504.4 | -0.9% |
| Administration - Other | 24,752.8 | 24,859.9 | 24,353.7 | -506.2 | -2.0% |
| Shared Taxes | 18,839.9 | 18,716.2 | 15,440.0 | -3,276.2 | -17.5% |
| Foundation | 462,754.4 | 477,785.9 | 467,143.9 | -10,642.0 | -2.2% |
| School Debt Ret. | 108,921.5 | 116,688.6 | 108,170.3 | -8,518.3 | -7.3% |
| Education - Other | 42,742.8 | 43,018.1 | 39,687.4 | -3,330.7 | -7.7% |
| Health & Social Services | 129,656.7 | 165,076.4 | 197,724.2 | 32,647.8 | 19.8% |
| Power Cost Equalization | 19,715.5 | 18,617.1 | 15,029.7 | -3,587.4 | -19.3% |
| Fisheries Tax Receipts | 10,551.5 | 7,183.5 | 6,786.2 | -397.3 | -5.5% |
| Nat'l Guard Ret. | 780.9 | 780.9 | 780.9 | 0.0 | 0.0% |
| Military - Other | 410.4 | 410.4 | 140.4 | -270.0 | -65.8% |
| Sr. Citizen Tax Relief | 3,201.9 | 3,003.5 | 3,003.5 | 0.0 | 0.0% |
| Municipal Rev. Sharing | 38,235.4 | 38,347.0 | 38,347.0 | 0.0 | 0.0% |
| Municipal Assistance | 52,704.6 | 49,103.2 | 44,039.3 | -5,063.9 | -10.3% |
| Other C&RA Programs | 375.0 | 1,687.7 | 2,241.8 | 554.1 | 32.8% |
| TOTAL | 970,816.0 | 1,021,136.4 | 1,018,241.9 | -2,894.5 | -0.3% |

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

| | FY90 ACTUALS | FY91 CC | FY91 AUTH | FY92 GOV |
|---|--------------------|--------------------|--------------------|--------------------|
| Office of the Governor | 15,208.1 | 19,014.0 | 19,790.9 | 15,629.4 |
| Department of Administration | 158,163.4 | 164,013.1 | 161,258.4 | 158,752.8 |
| Department of Law | 44,200.1 | 35,161.8 | 35,312.9 | 34,167.6 |
| Department of Revenue | 31,140.4 | 31,865.8 | 32,099.2 | 27,399.5 |
| Department of Education | 645,218.5 | 694,339.1 | 670,729.3 | 646,186.2 |
| Department of Health & Social Services | 301,475.5 | 352,185.4 | 350,617.8 | 376,784.5 |
| Department of Labor | 10,816.9 | 13,106.6 | 13,412.0 | 10,840.0 |
| Dept. of Commerce & Economic Development | 68,228.0 | 68,105.2 | 63,644.5 | 57,977.2 |
| Department of Military & Veterans Affairs | 13,465.4 | 9,237.3 | 9,274.4 | 9,938.1 |
| Department of Natural Resources | 48,244.1 | 48,423.8 | 49,597.2 | 49,109.2 |
| Department of Fish & Game | 46,501.4 | 49,084.8 | 48,241.0 | 45,449.3 |
| Department of Public Safety | 76,995.9 | 80,625.1 | 81,229.9 | 78,426.2 |
| Dept. of Transportation & Public Facilities | 174,896.2 | 169,110.8 | 163,910.9 | 131,402.9 |
| Department of Environmental Conservation | 18,067.4 | 21,515.8 | 27,322.8 | 25,862.2 |
| Department of Community & Regional Affairs | 123,616.1 | 129,155.1 | 123,146.3 | 117,436.3 |
| Department of Corrections | 95,771.9 | 95,520.2 | 97,881.1 | 98,515.2 |
| University of Alaska | 161,014.6 | 164,023.1 | 164,324.6 | 152,634.9 |
| Court System | 39,293.0 | 40,277.0 | 41,841.0 | 38,793.5 |
| Legislature | 30,869.5 | 31,157.2 | 34,771.6 | 28,639.0 |
| New Legislation | | 18,667.0 | | |
| Reappropriations | | 1,345.2 | | |
| Salary Increases | | 24,854.7 | | |
| TOTAL | 2,103,186.4 | 2,260,788.1 | 2,188,405.8 | 2,103,944.0 |

Note: CC refers to Conference Committee numbers as passed the 1990 Legislative session and enacted by the Governor. Front section of the operating budget, various bills, and fiscal notes have been included. See FY91 Summary of Appropriations.

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

| | FY90 ACTUALS | FY91 CC | FY91 AUTH | FY92 GOV |
|---|-------------------------|--------------------|----------------------|---------------------|
| Office of the Governor | 13.7 | 18.0 | 18.0 | 5.0 |
| Department of Administration | 5,428.7 | 5,601.1 | 5,641.6 | 3,762.2 |
| Department of Law | 234.3 | 264.4 | 269.8 | 273.7 |
| Department of Revenue | 481.3 | 1,172.8 | 1,180.7 | 351.2 |
| Department of Education | 1,478.3 | 2,461.1 | 2,470.5 | 2,050.0 |
| Department of Health & Social Services | 6,601.3 | 6,620.7 | 6,637.9 | 7,447.6 |
| Department of Labor | 344.5 | 585.0 | 599.2 | 449.0 |
| Dept. of Commerce & Economic Development | 12,568.9 | 14,461.4 | 14,779.7 | 14,730.6 |
| Department of Military & Veterans Affairs | 26.2 | 29.7 | 29.7 | 29.6 |
| Department of Natural Resources | 4,981.7 | 6,175.1 | 5,949.4 | 5,972.5 |
| Department of Fish & Game | 4,560.7 | 5,272.0 | 5,405.0 | 4,978.5 |
| Department of Public Safety | 1,495.6 | 1,887.6 | 2,461.8 | 2,779.2 |
| Dept. of Transportation & Public Facilities | 2,610.2 | 5,034.1 | 5,077.9 | 4,758.4 |
| Department of Environmental Conservation | 63.4 | 95.0 | 95.0 | 94.1 |
| Department of Community & Regional Affairs | 17.5 | 21.0 | 21.0 | 21.0 |
| Department of Corrections | 2,474.4 | 2,474.4 | 2,474.4 | 2,473.6 |
| Legislature | 117.2 | 96.0 | 96.0 | 95.0 |
| New/Special Legislation | | 1,832.5 | | |
| TOTAL | 43,497.9 | 54,101.9 | 53,207.6 | 50,271.2 |

Note: CC: Conference Committee numbers as passed the 1990 Legislative session and enacted by the Governor. Front section of the operating budget, various bills, and fiscal notes have been included. See FY91 Summary of Appropriations.

OPERATING BUDGET BY LINE ITEM

Total Funds
(in thousands of dollars)

| | ----FY80---- | | ----FY85---- | | ----FY92---- | | FY92 - FY80 | |
|------------------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total | Amount | Percent |
| Personal Services | 456,334.7 | 65% | 875,748.7 | 62% | 1,006,388.8 | 63% | 550,054.1 | 121% |
| Travel | 17,624.9 | 2% | 37,570.8 | 3% | 35,297.7 | 2% | 17,672.8 | 100% |
| Contractual | 171,289.7 | 24% | 378,652.1 | 27% | 432,668.8 | 27% | 261,379.1 | 153% |
| Commodities | 46,412.2 | 7% | 96,223.3 | 7% | 103,389.3 | 7% | 56,977.1 | 123% |
| Equipment | 5,106.7 | 1% | 12,415.0 | 1% | 10,057.4 | 1% | 4,950.7 | 97% |
| Land/Buildings | 9,925.5 | 1% | 10,134.1 | 1% | 577.4 | 0% | -9,348.1 | -94% |
| Government Operations | 706,693.7 | 100% | 1,410,744.0 | 100% | 1,588,379.4 | 100% | 881,685.7 | 125% |
| Grants/Claims | 567,643.5 | 83% | 1,127,154.4 | 71% | 1,473,403.6 | 95% | 905,760.1 | 160% |
| Miscellaneous | 118,606.5 | 17% | 455,870.8 | 29% | 78,953.0 | 5% | -39,653.5 | -33% |
| State Grant/Misc. | 686,250.0 | 100% | 1,583,025.2 | 100% | 1,552,356.6 | 100% | 866,106.6 | 126% |
| Total | 1,392,943.7 | | 2,993,769.2 | | 3,140,736.0 | | 1,747,792.3 | 125% |

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

| | FY80 | FY85/FY80 Change | | FY85 | FY92/FY85 Change | | FY92 |
|--------------------------------|----------|------------------|---------|----------|------------------|---------|----------|
| | | Amount | Percent | | Amount | Percent | |
| STATE BUDGETS | 1,160.3 | 3,011.6 | 260% | 4,171.9 | -1,960.6 | -47% | 2,211.3 |
| Operating | 1,034.8 | 1,245.2 | 120% | 2,280.0 | -95.8 | -4% | 2,184.2 |
| Capital | 92.0 | 1,149.9 | 1250% | 1,241.9 | -1,231.2 | -99% | 10.7 |
| Loans | 33.5 | 106.5 | 318% | 140.0 | -123.6 | -88% | 16.4 |
| 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 | -101.2 | -60% | 68.3 |
| School Retirement Debt | 24.1 | 70.9 | 294% | 95.0 | 13.2 | 14% | 108.2 |
| Formula Funded Programs | 377.2 | 484.2 | 128% | 861.4 | 156.8 | 18% | 1,018.2 |
| Lease Payment | | | | | | | 11.9 |
| Total pass-thru programs | 476.5 | 649.4 | 136% | 1,125.9 | 80.7 | 7% | 1,206.6 |
| Percent of operating budget | 46% | | | 49% | | | 55% |
| GOVERNMENT OPERATIONS | 558.3 | 595.8 | 107% | 1,154.1 | -176.5 | -15% | 977.6 |
| Percent of operating budget | 54% | | | 51% | | | 45% |
| STATE EMPLOYEES | | | | | | | |
| Full-Time | 11,547.0 | 5,031.0 | 44% | 16,578.0 | 70.0 | 0% | 16,648.0 |
| Part-Time | 1,181.0 | 1,849.0 | 157% | 3,030.0 | 71.0 | 2% | 3,101.0 |

A legislative overview of the Governor's request

State Budgets Unrestricted General Fund (in millions of dollars)

| FY | ----- Nominal (\$ mill) ----- | | | | Total |
|-----------|-------------------------------|--------------|-------------|--------------|----------------|
| | Operating | Capital | Loan | G.F. 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 | 2,086.7 | 127.1 | 17.5 | 147.4 | 2,378.7 |
| 90 | 2,118.6 | 180.2 | 10.0 | 132.5 | 2,441.3 |
| 91 | 2,162.5 | 147.3 | 13.7 | 107.6 | 2,431.1 |

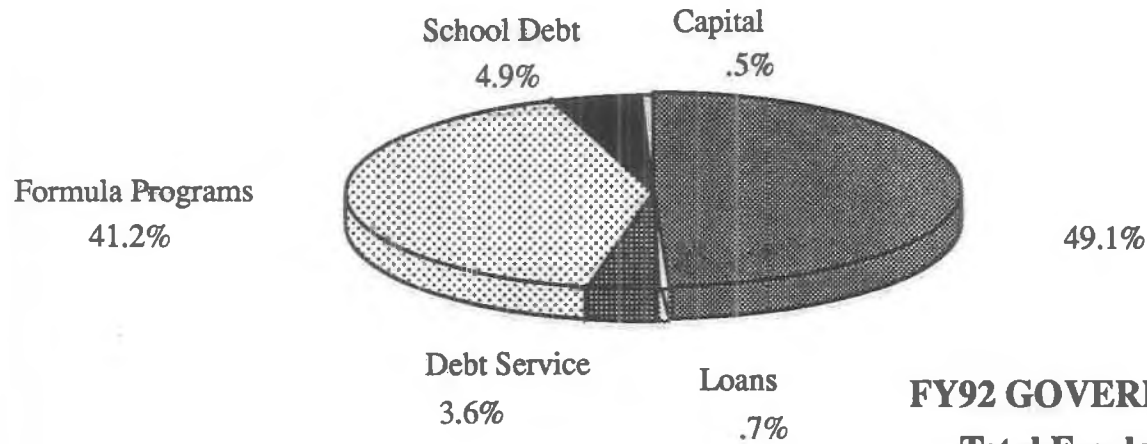
Annual Compound Growth Rates:

| | | | | | |
|---------|------|------|-----|-----|------|
| FY61-91 | 13.9 | 9.8 | 2.3 | 4.6 | 13.7 |
| FY61-76 | 18.5 | 12.5 | n/a | n/a | 17.8 |
| FY76-91 | 8.6 | 6.5 | 2.3 | 4.6 | 8.9 |

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

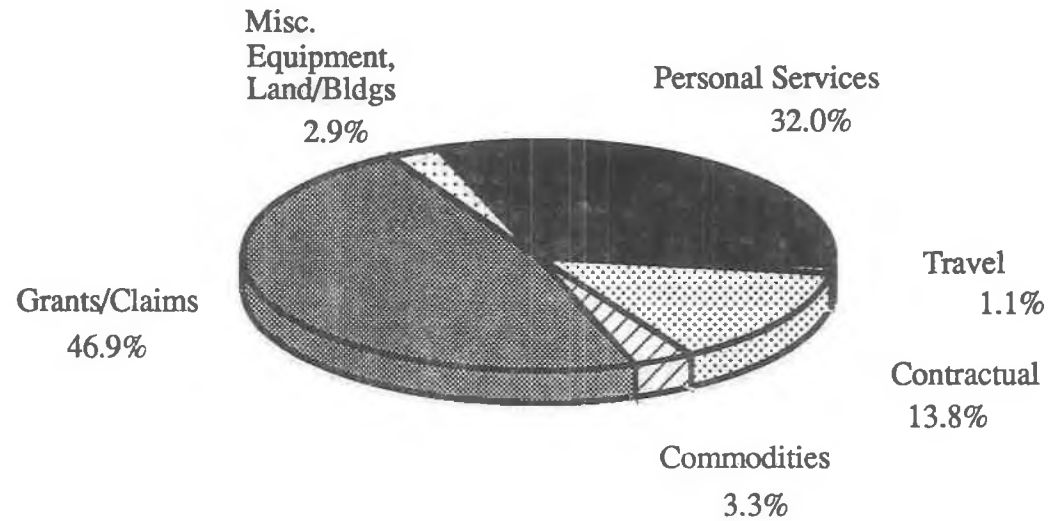
FY92 GOVERNOR'S BUDGET

Unrestricted General Fund

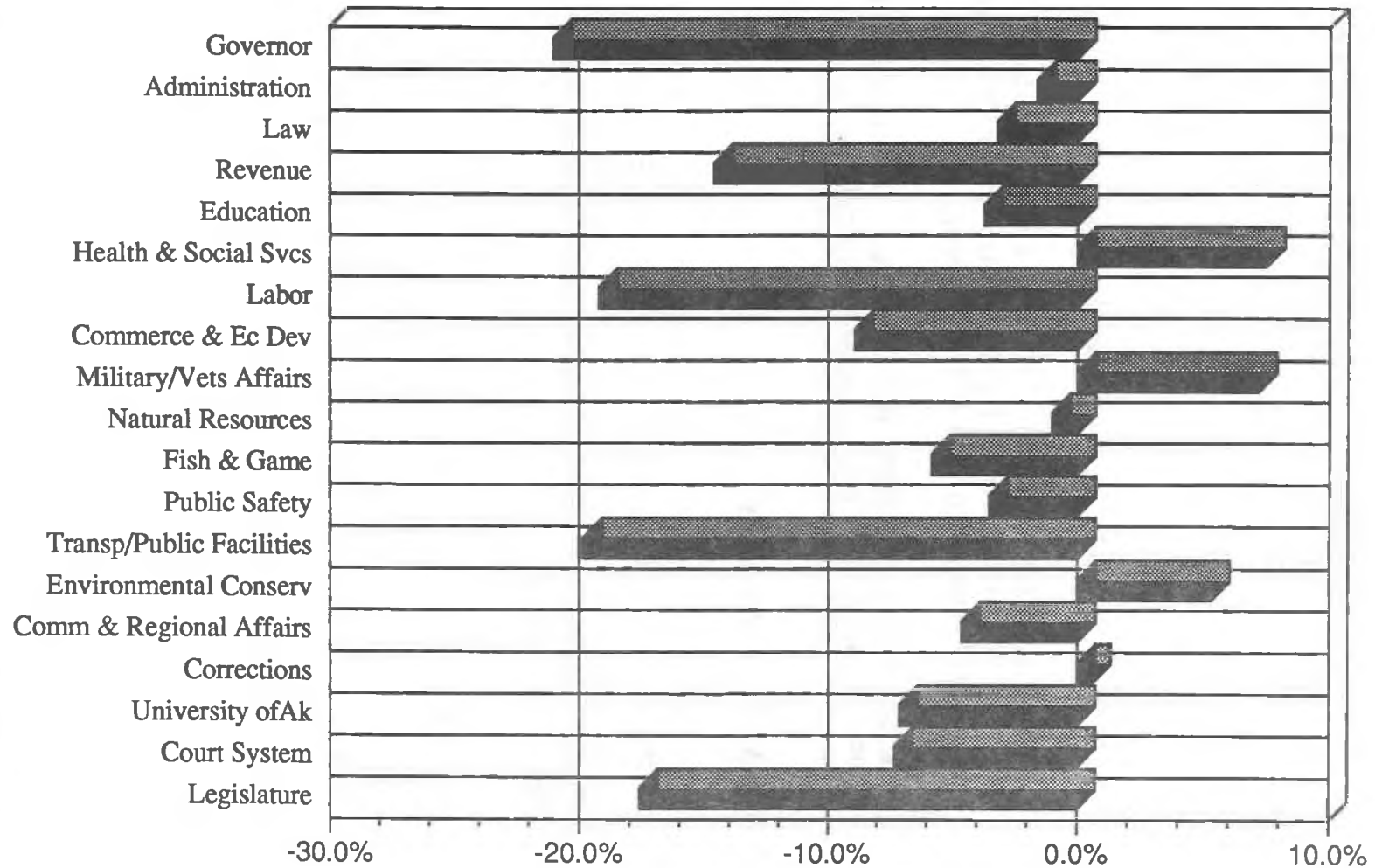


FY92 GOVERNOR'S BUDGET

Total Funds by Line-item



FY92 GOVERNOR'S GENERAL FUND REQUEST PERCENTAGE CHANGE FROM FY91 AUTHORIZED



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 and components included within them are:

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

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

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

SUMMARY ANALYSIS

The proposed FY92 general fund spending level of \$15,629,400 is 20.5 percent below the current fiscal year budget. The reduction is attributed to a combination of reduced off-election year activities, discontinuation of one-time or limited duration items, transfers out to other agencies, and actual program reductions.

MAJOR CHANGES

- Reduce three of eighteen Human Rights Commission staff, transfer Equal Opportunity Commission operations to Department of Administration, and delete the entire staffs and associated costs of the Sentencing Commission and Commission on Children.
- Delete one-time or special items in Executive Operations for gubernatorial transition, reapportionment board, and Office of International Trade.

A legislative overview of the Governor's request

- Office of Management and Budget -- abolish Policy Division and create Director's Office, with position reductions. Additional position reductions are proposed in Internal Audit (non-general fund) and Governmental Coordination.
- The normal biennial reduction in Elections Operations is included to reflect the reduced level of off-election year activity; funds are usually reinstated in the subsequent election year.

ORGANIZATIONAL CHANGES

- Equal Employment Opportunity is transferred out to the Department of Administration.
- The Policy Division within the Office of Management and Budget is abolished and a Director's Office created.

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 207 | 213 | 169 |
| PPT | 6 | 7 | 4 |

DEPARTMENT OF ADMINISTRATION

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

SUMMARY ANALYSIS

The Governor's proposed budget of \$205,077,100 (total funds less internal service funds to avoid a double counting problem) represents a 0.7 percent increase from FY91 Authorized. The general fund request of \$158,752,800 is a 1.6 percent decrease, or \$2,505,600. Formula programs represent 50.2 percent of the department's general fund budget and have been reduced 1.3 percent while agency operations received a 1.9 percent decrease in general funds. These overall comparisons significantly understate the extent of reductions as FY91 Authorized figures only include funding for 11 months of Longevity Bonus. Also, significant cuts in a number of divisions are partially offset by increases given to Pioneer Homes, the Public Defender, and the Office of Public Advocacy.

MAJOR CHANGES

- Funding for the Longevity Bonus Program is premised on a reduction in the amount of the monthly bonus and an increase in the age required for entry into the program. A change in statutes would be necessary to implement the proposed changes.
- The Child Care Review Board, created by 1990 legislation, is eliminated from the FY92 budget.

A legislative overview of the Governor's request

- An Internal Service Fund has been created to account for computer and telecommunications services furnished to other government agencies.

ORGANIZATIONAL CHANGES

- Older Alaskans Commission - Beginning in FY92 the Older Alaskans Commission has created three new components. The purpose of the new components is to clearly separate OAC's three major grant programs- Nutrition and Supportive Services, Senior Employment Programs, and Home and Community Based Care.
- Administrative Services - This BRU now combines Administrative Services and Municipal Grants.
- Personnel - The Office of Equal Employment Opportunity was transferred to this BRU from the Office of the Governor.
- General Services - Positions and funding previously shown in the Leasing Administration component have been transferred into Purchasing.

POSITION SUMMARY

No new positions are requested in FY92.

| | FY90 | FY91 | FY92 |
|-----|-------|-------|-------|
| PFT | 1,051 | 1,084 | 1,050 |
| PPT | 88 | 96 | 96 |

DEPARTMENT OF LAW

The Department's budget structure consists of five budget request units (BRU): Prosecution, Legal Services, Oil and Gas Special Projects, Oil and Gas Litigation and *Exxon Valdez* Litigation. Law's Consumer Protection BRU was vetoed from the FY91 budget by Governor Cowper.

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 criminal justice agencies; assisting in criminal investigations; screening all criminal complaints; handling criminal appeals, probations, parole and revocations; and providing assistance to victims and witnesses.

The primary responsibility of the 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. In addition, this unit provides legal advice to the three branches of government, reviews administrative regulations, drafts legislation sponsored by the Governor, and reviews for the Governor all legislation passed by the Legislature.

The purpose of Oil and Gas Litigation is to fund attorney services relative to oil and gas revenue disputes, and title challenges involving lands of high potential to the state.

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 a FY92 total funding level of \$45,383,100 and a \$34,167,600 general fund level. This represents an increase of 1.6 percent and a decrease of 3.2 percent respectively, over the FY91 Authorized budget.

MAJOR CHANGES

- Across-the-board general fund cuts for the Prosecution, Legal Services, and Oil and Gas Special Projects BRUs encompassed decreases of \$294,700 to personal services (\$475,000 in total funds) and \$80,500 to travel (\$103,100 in total funds).
- Although the full decrement is not included in the Governor's submission due to a technical error, \$136,900 in federal grants for the victim/witness program will no longer be available to the Prosecution BRU.
- The Governor's FY92 funding requests for Oil and Gas Litigation, and for *Exxon Valdez* Litigation, show an approximate 50 percent reduction to agency anticipated FY91 need: \$11 million and \$7.3 million respectively, versus agency requests of \$21 million and \$13.8 million.

ORGANIZATIONAL CHANGES

Funding for the Consumer Protection BRU was eliminated from the FY91 budget by veto.

The Legislature funded the Oil and Gas Litigation and *Exxon Valdez* Litigation as special appropriations in the front section of the FY91 budget. The Governor's FY92 budget includes these appropriations as BRUs in the back portion of the bill.

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|------|------|------|------|
| PFT | 364 | 357 | 345 |
| PPT | 7 | 8 | 8 |
| TEMP | 7 | 7 | 7 |

DEPARTMENT OF REVENUE

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

SUMMARY ANALYSIS

The total department budget of \$89,815,400 is increased two percent overall in the Governor's request. However, the general fund request of \$27,399,500 reflects a decrease of 14.6 percent, largely because of a reduction in anticipated shared taxes and a fund source change in Child Support Enforcement. "Other funds" are increased by 12.3 percent, \$6,322,100, as Treasury Management and the Permanent Fund Corporation use retirement and permanent fund earnings to pay higher investment management fees.

MAJOR CHANGES

- An \$820,000 reduction in Child Support Enforcement general funding is achieved by changing program receipts to "federal incentive payments" which are classified as "other funds".
- Fisheries Tax payments are decreased by \$3.3 million, anticipating lower collections.
- Treasury Management is proposed with a \$ 4.8 million dollar increase for investment management fees: \$3.1 million from Public Employee Retirement funds and \$1.5 million from Teachers Retirement funds.

A legislative overview of the Governor's request

POSITION SUMMARY

| | FY 90 | FY 91 | FY92 |
|-----|-------|-------|------|
| PFT | 517 | 524 | 516 |
| PPT | 8 | 13 | 10 |

DEPARTMENT OF EDUCATION

The Department of Education is responsible for funding and regulating the State's K-12 schools. The department also administers reimbursement of debt for school construction to municipal school districts and grants for school construction. In addition, the department administers adult and vocational education programs, the Alaska Vocational Technical Center (AVTEC) in Seward and the Kotzebue Technical Center, the Mt. Edgecumbe Boarding School, the Alaska State Museums and Libraries, 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 education budget of \$756,941,700 total funds represents a 2.5 percent decrease from FY91 Authorized. The general fund request of \$646,186,200 is a 3.7 percent decrease, or \$24,543,100. Formula programs represent 95 percent of the department's general fund budget and have been reduced 3.5 percent while agency operations received a 6.2 percent decrease in general funds.

MAJOR CHANGES

Formula Programs

- The Foundation Program is decreased two percent from FY91 Authorized. However, the Governor's FY92 budget is 8.6 percent below the current estimate of full funding for this program of \$541,746,200.
- Funding for Tuition Students is decreased \$735,600 requiring that payments to eligible school districts be prorated.
- Decreases to Pupil Transportation of \$1,805,800 will require that payments to school districts be prorated at 82 percent of full funding.

A legislative overview of the Governor's request

- School Debt Reimbursement is decreased \$8,518,300 from FY91 Authorized. The FY92 budget is 16 percent below the current estimate of full funding of \$128,986,100.
- Community Schools funding, \$600,000, is eliminated.

Non-formula Programs

- Funding is eliminated for the following programs: Asian/Russian language program, science mini-grants, Aniak Vocational-Technical Center, the media services library; and specific museum grants.
- Other reductions include: travel for the State Board of Education; Arts Council funding; Kotzebue Technical Center grant; and personal care attendants and message relay services were disabled.
- Across-the-board general fund cuts include decreases of \$288,600 to personal services (2%), \$53,900 to travel (10%), and \$58,600 to boards and commissions.

ORGANIZATIONAL CHANGES

Education Finance and Support Services - The director position has been eliminated reducing the division to an office status. A new component has been added for the teacher certification unit with transfers from District Support Services and Certification Fingerprint Fees components.

Data Management & Processing - This BRU has been eliminated by the transfer of the data processing positions and funding to the Department Administrative Services component and transferring Data Management to the Education Program Support BRU.

Education Program Support - In FY91, the Correspondence Study (CCS) component was combined with distance delivery/migrant education staff into one component called Instructional Delivery and Support. The FY92 budget transfers CCS and distance delivery/migrant education staff to the Correspondence Study-State component.

Alaska State Library/Alaska State Museum - Although these two BRU's remain separate in the FY92 budget, the museum will be consolidated administratively under the director of the Alaska State Libraries and Museums.

POSITION SUMMARY

The number of full-time positions in FY92 has decreased from 500 in FY91 to 487. Part-time positions have decreased by one. Thirteen full-time and two part-time positions were deleted, one PFT was reclassified to PPT, and there is one new position.

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 480 | 500 | 487 |
| PPT | 109 | 101 | 100 |

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

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

SUMMARY ANALYSIS

The Governor's recommended funding level of \$376,784,500 general funds is a 7.5 percent increase from FY91 Authorized. The total fund budget request of \$640,439,100 is a 10.5 percent increase over FY91 Authorized. The increase in general funds is due to a \$32,647,800 increase in formula programs (19.8 percent over FY91 Authorized). Formula programs make up over 52 percent of the Department's general fund budget. The non-formula programs and administration of the department received a 3.5 percent decrease in general funds.

MAJOR CHANGES

- Aid to Families with Dependent Children (AFDC) is increased by \$4,221,400 in general funds (\$9,295,900 total funds) to cover caseload and COLA increases and to annualize the Unemployed Parent Program.
- Adult Public Assistance (APA) is increased \$1,675,400 (\$1,816,400 total funds) for caseload and COLA increases.
- The Longevity Bonus Hold Harmless Programs are increased \$2,002,700 (\$3,512,300 total funds) to bring them to full funding.

The Fiscal Year 1992 Budget:

- Medicaid programs are increased by \$20,837,700 general funds (\$44,939,800 total funds) due to increases in eligibles, price, utilization, and welfare reform participation.
- A \$1,614,600 decrease in preventive services grants for child abuse, neglect or delinquency reduces general funds to the program by 67 percent.
- Homemakers services are eliminated with a decrease of \$2,173,900 from child protective and adult homemakers services.
- \$1,072,100 is decreased from Alcohol and Drug Abuse Grants which eliminates the Community Action Against Substance Abuse Grants and takes a statewide grant reduction.
- Mental health programs are decreased \$1,882,400 in Community Mental Health Grants, Designated Evaluation and Treatment, Community Developmental Disabilities Grants and Mental Health Administration components.
- Across-the-board general fund cuts include \$1,325,000 to personal services (2%), \$249,600 to travel (10%), \$61,400 to boards and commissions (15%), and \$522,600 to designated BRU's (5.3% average).

ORGANIZATIONAL CHANGES

In FY90, the Office of Prevention was established by Administrative Order No. 116 to focus the State's attention on a comprehensive prevention program. A new component was established within the Administrative Services BRU with the transfer of existing prevention funds from other areas of the Department's budget. In the Governor's FY92 budget, prevention funds and positions are transferred to various components of the budget and the Office of Prevention is eliminated. A portion of these funds are being used to open a Commissioner's Office in Anchorage.

A legislative overview of the Governor's request

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|-----|-------|-------|-------|
| PFT | 1,843 | 1,937 | 1,946 |
| PPT | 109 | 103 | 103 |

DEPARTMENT OF LABOR

The Department of Labor is responsible for enforcing the State's labor laws, providing job placement, paying unemployment claims, reporting labor statistics, public protection through inspections and certification, and training and enforcement of occupational safety and health standards. The department also administers the Alaska Worker's Compensation laws and the Fishermen's Fund. There are four divisions within the department: Employment Security, Administrative Services, Workers' Compensation and Labor Standards and Safety.

SUMMARY ANALYSIS

The Governor's proposed FY92 budget of \$51,623,400 total funds for the department represents a 4.1 percent decrease, or \$2,211,100 from FY91 Authorized. The general fund request is \$2,572,000 below FY91 Authorized or 19.2 percent.

MAJOR CHANGES

- \$2,290,000 for the State Training and Employment Program, (Ch. 95, SLA 1989), is eliminated. Legislation is required to extend this program in FY92.
- Program receipt authority is decreased \$192,900 in Employment Services as unrealized revenue.
- Alaska Work Programs funding source change of \$248,100 from general fund to Training and Building funds. An increase of \$144,000 in general fund match is being transferred from the Department of Health & Social Services to leverage federal funds under the JOBS program.
- General fund reductions in Workers' Compensation include decreases for personal services, grant authorization no longer needed, contractual funds for cost-of-living survey, and a funding source change from general fund to second injury funds.

A legislative overview of the Governor's request

- Labor Market Information is decreased \$66,000 general funds for economic and demographic information services, and increased \$199,500 in interagency receipts from Alaska Housing Finance Corporation for information on housing indicators.
- An increase of \$40,500 in general funds for full-time Occupational Safety & Health positions approved in the FY91 budget for nine months to bring them to twelve months.
- Across-the-board general fund cuts include decreases of \$140,600 to personal services (2%), \$57,300 to travel (10%), and \$8,800 to boards and commissions.

POSITION SUMMARY

The number of full-time positions in FY92 has increased from 602 in FY91 to 608 in FY92. Part-time positions have decreased from 156 to 148. Three full-time positions were deleted, eight positions were reclassified from part-time to full-time, and there is one new position.

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 588 | 602 | 608 |
| PPT | 157 | 156 | 148 |

**DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT**

The Department of Commerce and Economic Development has responsibilities in two major areas: Public Protection and Development. Public Protection regulates weights and measures, banking, securities and corporations, insurance, occupations, public utilities and oil and gas conservation. Development provides general assistance and access to capital markets for business, coordinates numerous State loan programs, and manages programs aimed at key economic sectors such as electric power generation, tourism, mining and fishing.

SUMMARY ANALYSIS

The Governor's proposed budget of \$73,765,000 total funds represents a 7.7 percent decrease from FY91 Authorized. The general fund request of \$57,977,200 is a 8.9 percent decrease, or \$5,667,300. Formula programs represent 37.6 percent of the department's general fund budget and have been reduced 15.4 percent while agency operations received a 4.4 percent decrease in general funds. The decrease in formula funding is primarily due to a lower level of Fisheries Enhancement Tax Receipts and a reduction in funding for Power Cost Equalization Grants.

MAJOR CHANGES

- The Power Cost Equalization Grant program benefited in FY91 from \$3,828,500 in general funds carried forward from FY90. This funding helped to offset the effects of a \$3,500,000 veto. A similar carry forward into FY92 to augment the Governor's proposed underfunded level is not expected.
- The Amateur Sports Authority has been eliminated from the FY92 budget.
- The proposed budget for Tourism of \$9,471,000 in general funds is 11.7 percent below FY91 Authorized levels.

ORGANIZATIONAL CHANGES

Banking, Securities and Corporations - This BRU combines activities performed in FY91 by Financial Institutions and Corporations.

Alaska Energy Authority Agency Operations - This BRU combines funding previously presented in three components: AEA Operations, Plant Operations and Maintenance, and CIP Positions.

Alaska Industrial Development and Export Authority - Two components, Operations and CIP Positions, have been consolidated.

POSITION SUMMARY

The Governor approved ten new full-time positions. Seven of these positions are in the Alaska Seafood Marketing BRU. These positions will provide services in two areas: (1) domestic promotion activities previously received by contract, and (2) activities which are primarily associated with the Targeted Export Assistance Program.

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 428 | 439 | 442 |
| PPT | 22 | 23 | 21 |

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

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

SUMMARY ANALYSIS

The Governor's FY92 budget of \$18,962,500 in total funds is \$1,817,600 or 11 percent higher than FY91 Authorized. Federal receipts increased by \$1,210,400 or 16 percent while general funds increased by \$663,700 or 7.2 percent.

MAJOR ISSUES

- Disaster Planning & Control would increase by \$296,300 or 10.6 percent in federal receipts for search and rescue programs and renovation of emergency radio stations.
- Additional general funds in the amount of \$1,089,800 and \$107,100 in federal funds are provided in the Army Guard Facilities component for operational support of the new Anchorage armory. Additional federal receipts in the amount of about \$700,000 is provided for facilities maintenance throughout the state.
- The Governor has proposed the elimination of the death gratuity program. The actual cost of this program in FY90 was \$270,000. This program has provided \$750 to the surviving family of a deceased veteran.

A legislative overview of the Governor's request

- The Governor has proposed a \$400,000 reduction to the Disaster Relief Fund. The actual cost of the program was \$8,000,000 in FY90.

POSTION SUMMARY

The Governor has proposed four new full-time positions for the Army Guard Facilities Maintenance component.

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 110 | 113 | 119 |
| PPT | 6 | 6 | 4 |

DEPARTMENT OF NATURAL RESOURCES

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

SUMMARY ANALYSIS

The Governor's proposed FY92 budget for the Department of Natural Resources is \$61,679,900 in total funds, a 3.3 percent increase over FY91 Authorized. Federal funds increase by \$2,312,200 or 40.1 percent to \$8,077,300 from \$5,765,100. General funds decrease from FY91 Authorized of \$49,597,200 to \$49,109,200, a one percent decrease.

MAJOR CHANGES

- Fire Suppression program is increased by slightly less than \$5 million, \$3 million in general funds and \$2 million in federal receipts.
- The Governor has proposed a \$261,800 decrease in the Recorder's Office component. This decrease results in the loss of seven positions and the reduction of service to the public who fully pay the cost of the program.
- The Governor has proposed the elimination of the Citizens' Advisory Commission on Federal Areas. The annual cost of this program has been less than \$160,000.
- The Forest Management component is reduced over \$1 million from FY91 Authorized. Part of this decrease is due to partial elimination of a one-time item for reforestation. In addition, the Governor has proposed a personal service reduction in the amount of \$579,500.
- Mining and Geological Management are reduced by \$360,700 and \$623,000 respectively.

A legislative overview of the Governor's request

- Parks Management is decreased by a little less than \$400,000.
- The Governor's has proposed decrements to Agricultural Management in the amount of \$271,300.

POSITION SUMMARY

The Governor has requested nine new positions for the Pipeline Coordinator's Office in Anchorage.

| | FY90 | FY91 | FY92 |
|------|-------|-------|------|
| PFT | 598 | 608 | 577 |
| PPT | 314 | 327 | 304 |
| TEMP | 1,030 | 1,030 | 830 |

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 ensure that development projects minimize the degradation of fish and wildlife resources. Subsistence Division was established by statute to monitor the subsistence consumption of resources and provide the Boards of Fish and Game with the data necessary to protect this traditional lifestyle.

The Oil Spill Impact Assessment and Restoration Division is continued to manage the department's role in Valdez oil spill related activities.

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 an \$81.8 million budget for FY92, a reduction of \$1.4 million. General funds are reduced by \$ 2.5 million, or 5.3 percent. The bulk of the reduction is from Commercial Fisheries Division management projects. The program to turn FRED hatcheries over to private non-profit aquaculture associations continues in this proposal. Local Advisory Committees and Regional Councils received a 44 percent reduction in their travel budgets. Other unit travel budgets were reduced ten percent and another two percent reduction was made throughout the agency by increasing the "vacancy factor".

MAJOR CHANGES

- Commercial Fisheries Division survey vessels are deactivated, a reduction of \$359,000.
- The state will reduce its participation in Exclusive Economic Zone fisheries management by \$978,300.
- Tutka, Beaver Falls, Gulkana, Pillar Creek, and Main Bay Hatcheries will be turned over to private non-profit aquaculture associations.
- Travel funds for Local Advisory Committees and Regional Councils are reduced by \$160,000, severely limiting meetings.

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 749 | 779 | 767 |
| PPT | 888 | 848 | 805 |

DEPARTMENT OF PUBLIC SAFETY

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

SUMMARY ANALYSIS

The Governor proposed a FY92 total funding level of \$84,338,800 and a \$78,426,200 general fund level. This represents a 2.9 percent and 3.5 percent decrease respectively, when compared to the FY91 Authorized budget.

MAJOR CHANGES

- Seasonal Fish and Wildlife Protection enforcement around the state, overtime and sea pay, and enforcement travel are reduced by \$758,000 in general funds.
- Thirty-two court service officer and two state trooper positions in Anchorage are eliminated, a general fund reduction of \$1,264,400. The impact of this proposed cut includes the removal of 26 additional state troopers and four criminal investigation positions from full enforcement duties in order to provide court security and prisoner transportation.
- Sixty-one trooper patrol vehicles and eight criminal investigation vehicles are eliminated, a \$485,600 general fund reduction.
- Village Public Safety Officer contracts are reduced by \$96,200.
- Council on Domestic Violence and Sexual Assault grants are decreased by \$1,264,400.

A legislative overview of the Governor's request

- Funding for a FY92 state trooper recruit academy is eliminated, a \$719,000 reduction.
- \$1,025,500 in general funds are taken in an across-the-board two percent personal services reduction (\$1,059,300 total funds), and ten percent from travel, a general fund reduction of \$266,700 (\$278,700 total funds).

ORGANIZATIONAL CHANGES

Commercial Vehicle Safety was transferred from Highway Safety Planning to the Alaska State Troopers, and renamed Commercial Vehicle Enforcement. This change formally places oversight of the program with the component that is responsible for its implementation.

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|------|------|------|------|
| PFT | 805 | 820 | 790 |
| PPT | 73 | 68 | 20 |
| TEMP | 12 | 36 | 36 |

**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 FY92, the Governor's proposed budget for the Department of Transportation and Public Facilities involves \$323,026,800 in total funds and \$131,402,900 in general funds. Funding for the Alaska Marine Highway System Fund is actually understated through duplication. The correct totals should be \$290,799,500 in total funds and \$99,175,600 in general funds. Total funds increase by \$4,117,100 from \$286,682,400 FY91 Authorized. General funds decrease by \$64,735,300 due mainly to a funding source change for the Marine Highways from general funds to Alaska Marine Highway System Fund -- other funds.

MAJOR CHANGES

- Maintenance and Operations components are increased by about \$1.5 million for: (1) increases in lane miles, (2) increases in size of airports, (3) illumination of highways and airports, and (4) traffic control signals.
- The Governor has proposed reducing funding for rural airports by \$1,800,000. This cut would be in addition to FY91 veto of \$2,200,000 from rural airports.
- The Governor has proposed restoring \$563,700 of the \$2,908,100 in Class 3 Road funding vetoed by in FY91.
- The Governor has proposed restoring FY91 veto of \$2.8 million from Marine Highways. In addition, the budget provides for an \$811,300 increment for retirement and health benefits. The Marine Highways

A legislative overview of the Governor's request

Vessel Overhaul component was reduced by \$3,230,000. The Governor considers overhaul work to be capital in nature and has proposed transferring most of the funding for this program to the capital budget. Further, the Marine Vessel Operations budget has reductions in the amount of \$2,333,400. The net effect on Marine Transportation's budget of the Governor's proposed increases, decreases, and transfers will be about a \$1,500,000 service reduction for FY92.

- Statewide programs will be reduced by \$850,000.

POSITION SUMMARY

The Governor is requesting two new positions: a Safety Officer and an Assistant Port Engineer. Overall, full-time positions decline by 37 from 2,756 authorized in FY91, and part-time increase by 27 from FY91 Authorized.

| | FY90 | FY91 | FY92 |
|-----|-------|-------|-------|
| PFT | 2,754 | 2,756 | 2,719 |
| PPT | 863 | 819 | 846 |

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. Both the FY90 and FY91 budgets were substantially increased, nearly doubling the FY89 funding levels. The FY92 request adds \$3,139,000, 7.6 percent overall, for a total of \$44.5 million, but decreases general funds by \$1,460,600, 5.3 percent. "Vacancy factors" were increased by two percent and travel reduced by ten percent throughout. Environmental Health lost three full-time and one part-time positions.

MAJOR CHANGES

- Management assistance to rural utilities is eliminated.
- Funding for solid waste and air quality projects is reduced.
- Previously vetoed domestic wastewater funds are replaced.
- Funds are added to meet federal drinking water requirements.
- Seafood inspectors are eliminated in Bethel and Homer.

POSITION SUMMARY

| | FY 90 | FY 91 | FY 92 |
|-----|-------|-------|-------|
| PFT | 388 | 477 | 482 |
| PPT | 17 | 15 | 10 |

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

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

SUMMARY ANALYSIS

The Governor's proposed FY92 budget of \$146,204,200 total funds for the department represents a 4.3 percent decrease, or \$6,618,400, under FY91 Authorized. The general fund request of \$117,436,300 is a 4.6 percent decrease, or \$5,710,000, under FY91 Authorized.

MAJOR CHANGES

Formula Programs

- Organizational Grants includes \$200,000 to fund the second year of the Denali Borough organizational grant and \$25,000 for the second and final year for the City of False Pass.
- Municipal Assistance is decreased \$5,063,900, or 10.3 percent from FY91 Authorized.
- Family Support Act Child Care is increased \$454,100 to provide services to clients under the JOBS program and transitional benefits for twelve months in FY92.

Non-formula Programs

- Alaska Legal Services grant is decreased \$120,000.
- Funding is included, \$34,200 general fund, for two administrative and two data processing positions related to implementation of the Family Support Act that were funded for nine months in FY91 to bring them to twelve months.
- Designated grants are decreased \$460,100 from FY91 Authorized.
- The full value appraiser added in FY91 is eliminated, \$56,700.
- Management of Municipal Lands Trustee is consolidated under ANCSA Plan of Survey for a decrease of two full-time positions and \$117,700.
- Child Care Operating Grants are decreased \$478,000 from \$25 per month per child to \$20.
- Three positions are added to Head Start for an increase of \$246,800 and one grants administrator position is eliminated, \$55,600.
- The Chief of Regional Field Office Staff position is eliminated, \$77,700.
- Across the board general fund cuts include decreases of \$141,200 to personal services (2%), and \$54,700 to travel.

ORGANIZATIONAL CHANGES

Local Government Assistance - The National Petroleum Reserve-Alaska (NPR-A) funds are transferred from the Statewide Assistance component into their own component. These funds are available from federal revenues generated from oil and gas leases located in the NPR-A to mitigate impacts to municipalities that are directly affected by oil and gas development.

Rural Development - This BRU has been eliminated by combining the Municipal Lands Trustee component with ANCSA Plan of Survey and including it under Local Government Assistance.

POSITION SUMMARY

The number of authorized full-time positions has decreased from 201 in FY91 to 197 in FY92. There are two part-time positions authorized. Eight full-time positions were deleted, two PFT positions are reclassified to PPT, and there are six new positions.

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 189 | 201 | 197 |
| PPT | 0 | 0 | 2 |

DEPARTMENT OF CORRECTIONS

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

SUMMARY ANALYSIS

The Governor proposed a FY92 total funding level of \$101,789,100 and a \$98,515,200 level for general funds. This represents a 0.6 percent increase in both total and general funds, over the FY91 Authorized budget.

MAJOR CHANGES

- Across-the-board general fund cuts encompass a \$133,100 (2%) cut to personal services in non-institution components, a \$1,332,800 (2%) cut to contractual services in institution components, and a \$68,700 (10%) reduction to travel.
- The Maniilaq Association contract is eliminated, a \$434,300 reduction.
- The Lemon Creek Correctional Center Sex Offender program is cut, a \$142,300 reduction.
- The three regional probation offices' New Start programs are eliminated, a \$480,100 reduction.

ORGANIZATIONAL CHANGES

The three Statewide Operations regional directors' offices are closed, and their positions and funding transferred to two new components: Community Corrections Director and Institution Director's Office. This change will centralize correctional institution and community corrections management.

POSITION SUMMARY

Two new positions are proposed in the newly created Institution Director's Office. Funding for these positions would be transferred from the Out-of-State Contractual component. Nine positions would be eliminated by the closing of the three regional probation offices' New Start programs.

| | FY90 | FY91 | FY92 |
|-----|-------|-------|-------|
| PFT | 1,290 | 1,317 | 1,310 |
| PPT | 1 | 2 | 2 |

UNIVERSITY OF ALASKA

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

SUMMARY ANALYSIS

Funding for the State's higher education programs represents 9.8 percent of expenditures from all State funds and 7.3 percent of general fund operating expenditures proposed in FY92. The Governor's proposed FY92 budget for the University of Alaska is \$152,634,900 general funds, which is a 7.1 percent decrease from the FY91 Authorized. The total funds budget of \$308,667,500 is a 2.6 percent decrease from FY91 Authorized and a 4.0 percent increase from FY90 Actual.

MAJOR CHANGES

- A decrease of \$2,598,600 in general funds (\$3,893,000 total funds) is taken in a two percent across-the-board cut to personal services.
- \$328,400 is taken as a decrease to travel in a ten percent across-the-board cut (\$629,700 total funds).
- A \$15,540,700 decrease in the University's budget is taken as an unallocated systemwide reduction.

ORGANIZATION CHANGES

In an effort to provide each of the main administrative units with more control over the administration of the vocational technical programs within the regions, the vocational technical funds have been transferred from all the campuses and the statewide voc-tech office to new regional offices. This move is to provide the university system a better method to coordinate and manage programs within each region.

The administration of all military education programs has been transferred to the University of Alaska, Anchorage campus. To better control the funding to these programs, a separate component has been established.

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|-----|-------|-------|-------|
| PFT | 3,235 | 3,236 | 3,237 |
| PPT | 297 | 296 | 295 |

ALASKA COURT SYSTEM

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

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

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

SUMMARY ANALYSIS

Under the separation of powers, the Court System would propose its budget directly to the Legislature for funding. The Court System request of \$45,863,300 is an increase of 9.6 percent over FY91 Authorized.

The executive branch, however, recommends specific and unallocated reductions amounting to 7.3 percent from the currently budgeted level. The Governor proposes that the Court System request be reduced to \$38,793,500 through: the assessment of a two percent personal services "vacancy factor", an across-the-board ten percent travel reduction, and an "unallocated reduction" of \$3,803,300.

MAJOR CHANGES

This section keys off of the Court System request.

- Full funding for personal services: restoration of FY91 veto amounts, funded benefits cost increases, and five percent COLA funding.

The Fiscal Year 1992 Budget:

- Eleven new or upgraded Trial Courts positions for workload, two new positions for the Mediation Project, and five new positions for Amerada Hess litigation.
- Additional travel and contractual support for Amerada Hess litigation and increased juror fees.
- New equipment: in support of new positions, replacements, and improvements.
- Four new positions for Administration and Support, judicial liability insurance, and equipment.

POSITION SUMMARY

| | FY90 | FY91 | FY92 |
|-----|------|------|------|
| PFT | 609 | 625 | 636 |
| PPT | 34 | 30 | 33 |

COMMISSION ON JUDICIAL CONDUCT

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

The Commission's request is \$347,200 general fund.

The Governor recommends \$310,500 with a personal services reduction through a two percent "vacancy" assessment, a general ten percent travel reduction, and an "unallocated reduction" .

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 in Alaska. The Council is also mandated by statute to nominate candidates for vacancies in the Court of Appeals, District Courts--and Public Defender. The Commission is also empowered by statute to evaluate justices and judges in retention elections.

The Judicial Council requests \$629,600 for FY92, including increments for staff improvements and workload increase for judicial selection. The Council also proposes a decrement for its mediation project to reflect its completion prior to the fiscal year end.

The Governor recommends \$473,500 through the percentum personal services and travel reductions and the apparent deletion of the Council's requested increments.

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
 - Legislative Finance (Division, 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 prepares the budgets of the Legislative Council, Legislative Operating Budget, and Ombudsman.

SUMMARY ANALYSIS

The legislative budgets are tentative and are included in the Governor's proposed budget for information purposes at the time it is submitted. The actual legislative requests are submitted to the finance committees during session. The final budgets are developed in the conference committee process.

The tentative budgets are currently proposed at approximately the same overall level as the FY91 authorization, \$35.6 million, to maintain current operations.

