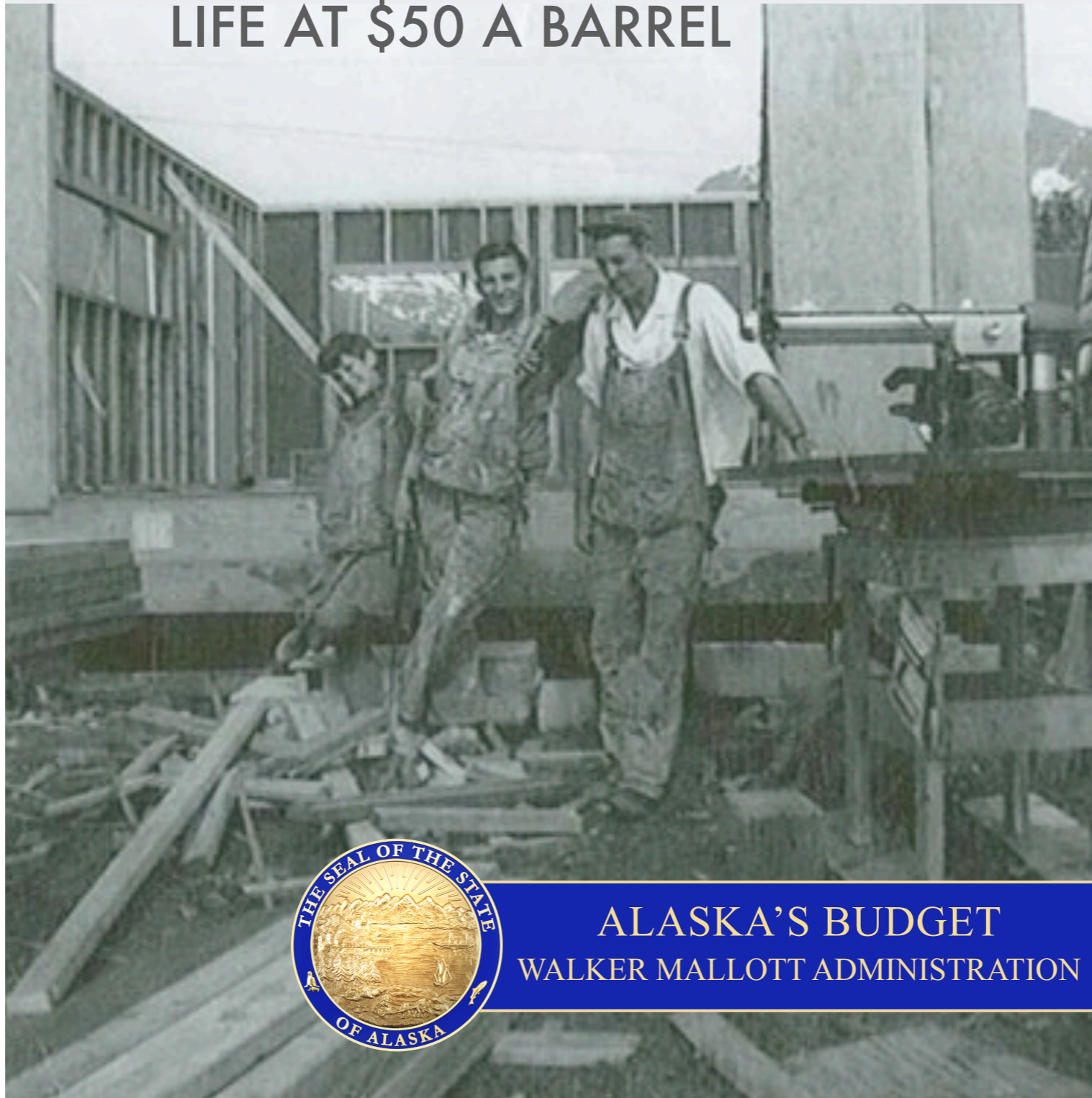


# DOING WHAT NEEDS TO BE DONE

LIFE AT \$50 A BARREL



ALASKA'S BUDGET  
WALKER MALLOTT ADMINISTRATION



*Trans Alaska Pipeline crosses Denali fault*  
[Wikimedia Commons](#)

*Cover Photo: (L-R) Governor Bill Walker, his brother Bob, and his dad Ed, building houses in Valdez after the 1964 earthquake.*



1

# INTRODUCTION

As we take office, Alaska suffers from the largest deficit in our State's history. Our message is simple: It won't be easy, but we will manage Alaska out of the fiscal challenges facing our state. And we will do it thoughtfully, judiciously, and together as Alaskans.

As you know, our State revenue is linked to the price of a barrel of oil. While we cannot fix oil prices, we can fix government. When oil prices are low, as they currently are, we all need to roll up our sleeves and do what is necessary to keep Alaskans safe and our state's economy healthy.

As we move forward, our common interest is strengthening Alaska's future and creating opportunity for all Alaskans. We want to hear your thoughts on the tough choices ahead that will affect us all. Please take time to review this book, take our online survey and let us know what you think.

Let's work together to put Alaskans first!

*Governor Bill Walker and Lt. Governor Byron Mallott*

*Dear Alaskan,*

*We are honored to serve as your Governor and Lieutenant Governor. When we pull together, we do not dilute our ideals, we do not set aside our values. We come together for the greater good, and together, we are strong. We look forward to working with you to make Alaska a better place to live, work and raise our families.*

*Governor Bill Walker & Lt. Governor Byron Mallott*

## ABOUT THIS BOOK

We've created this book to promote public understanding and discussion about Alaska's current financial situation, and to provide an overview of our plan to keep the state's economy strong during lean times.

The following pages explain how the current budget gap developed, offer some possible future scenarios, and provide brief descriptions of all State government departments. Sections include:

- The Budget Story: Understanding the Gap
- Charting Alaska's Future: Revenue Forecast Scenarios
- Solutions and Strategies: Steps to Move Alaska Forward
- Departments: Functions and Budgets of Each State Agency

Each department overview contains an explanation of the department's mission and core services, a summary of the department's 2016 proposed budget reductions, and a link to the department website. The 2016 budget, also called the FY 16 budget, covers the period from July 1, 2015 through June 30, 2016.

*The Chulitna, Susitna, and Talkeetna rivers join together.*

[Wikimedia Commons](#)





# VOICES FOR VISION

Where Can We  
Save Money?

Take the survey to send us your ideas

## BUDGET SURVEY

Dear Fellow Alaskan,

With oil revenue dropping, it's time for Alaska to tighten its belt. While we continue to meet with budget experts from across the state, we also want to hear from the public on how to efficiently reduce spending.

On the campaign trail, we promised to recruit the best and brightest to be part of our team, and today that includes you.

Your input is important to us, and it will be taken into consideration as final recommendations about the 2016 budget are made.

Please take a few moments to fill out this short survey and tell us how you think State government can be streamlined. We look forward to hearing your ideas.

As Alaskans, we are in this together, and now more than ever, we need your help to shape the path to a strong economic future.

Sincerely,

Governor Bill Walker & Lt. Governor Byron Mallott

[Click here to take the Voices for Vision Budget Survey](#)

# TABLE OF CONTENTS

1	<b>CHAPTER 1 Introduction</b>
2	About This Book
3	Budget Survey
4	Table of Contents
5	<b>CHAPTER 2 The Budget Story</b>
6	Understanding the Gap
12	Charting Alaska's Future
16	Solutions and Strategies
21	<b>CHAPTER 3 Departments</b>
23	Governor and Lieutenant Governor
25	Administration
27	Commerce, Community and Economic Development
29	Corrections
31	Education and Early Development
33	Environmental Conservation
35	Fish and Game
37	Health and Social Services
39	Labor and Workforce Development
41	Law
43	Military and Veterans Affairs
45	Natural Resources
47	Public Safety
49	Revenue
51	Transportation and Public Facilities
53	University of Alaska
55	<b>CHAPTER 4 In Conclusion</b>
57	Glossary

Willow ptarmigan  
[Wikimedia Commons](#)





2

## THE BUDGET STORY

As a resource development state, Alaska's economy rises and falls with the price of oil.

The State receives tax revenue from each barrel of oil that flows through the Trans Alaska Pipeline. This money is used to provide services and fund projects that Alaskans depend on.

Oil production in Alaska has declined in recent years. The amount of oil now flowing through the pipeline is 25% of peak capacity. Low oil production and low oil prices mean less revenue to the State.



## UNDERSTANDING THE GAP

*Trans Alaska Pipeline, [Wikimedia Commons](#)*

### **Why is Alaska facing a budget gap?**

The State general fund is the account that pays for most State government operations, services and projects. Oil revenue generates about 90% of the State's general funds. As of February 2015, oil is worth about half of what it was last year when our current State budget was adopted. As a result, a \$3.5 billion gap has formed between the amount the State expects to spend in the current year, and the amount of oil revenue it expects to receive.

To make ends meet, about \$10 million a day is being spent from the State's savings. Fortunately, Alaska has about \$14 billion in the bank to help cover the shortfall, but at current spending levels and \$50-a-barrel oil prices, our savings are estimated to last only 3-6 years.

Some might call our situation a crisis. We call it an opportunity and a challenge. We have an opportunity to do things differently, to challenge the traditional ways of doing business.

While we cannot fix oil prices, we can fix government. We must craft a sustainable State budget that preserves the delivery of needed services and keeps Alaska's economy stable. State spending has a tremendous impact on our people and economy. We'll all need to work together to make thoughtful reductions and consolidations, maximize existing resources, and find new sources of revenue.



## What caused oil prices to drop?

The Organization of Petroleum Exporting Countries, known as OPEC, is a group of 12 nations that supply about one-third of the world's crude oil. These nations are Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

A recent decision by OPEC and its members to overproduce has resulted in more oil on the market than there is demand, causing global oil prices to plummet. This caused Alaska crude oil prices to drop from \$110 to \$50 a barrel in the past year.

## What can be done?

This sudden, unexpected drop in oil prices has drastically reduced revenue to the State, creating a budget gap that is too large to be addressed by spending cuts alone. Getting Alaska on stable financial footing will require a combination of short-term solutions, long-term strategies, and prudent investments.

*Pipeline crossing the Koyukuk River*  
[Wikimedia Commons](#)

Unlike past oil price declines, our economy is better positioned, and we have enough savings to weather this downturn.

There are many possible approaches to addressing the budget gap, but three factors are key to influencing any outcome: oil production and price, State spending, and State savings.

### Budget Gap Factors



#### Oil Production and Price

How much oil is produced, and the market price per barrel, determine how much income the State receives.



#### State Spending

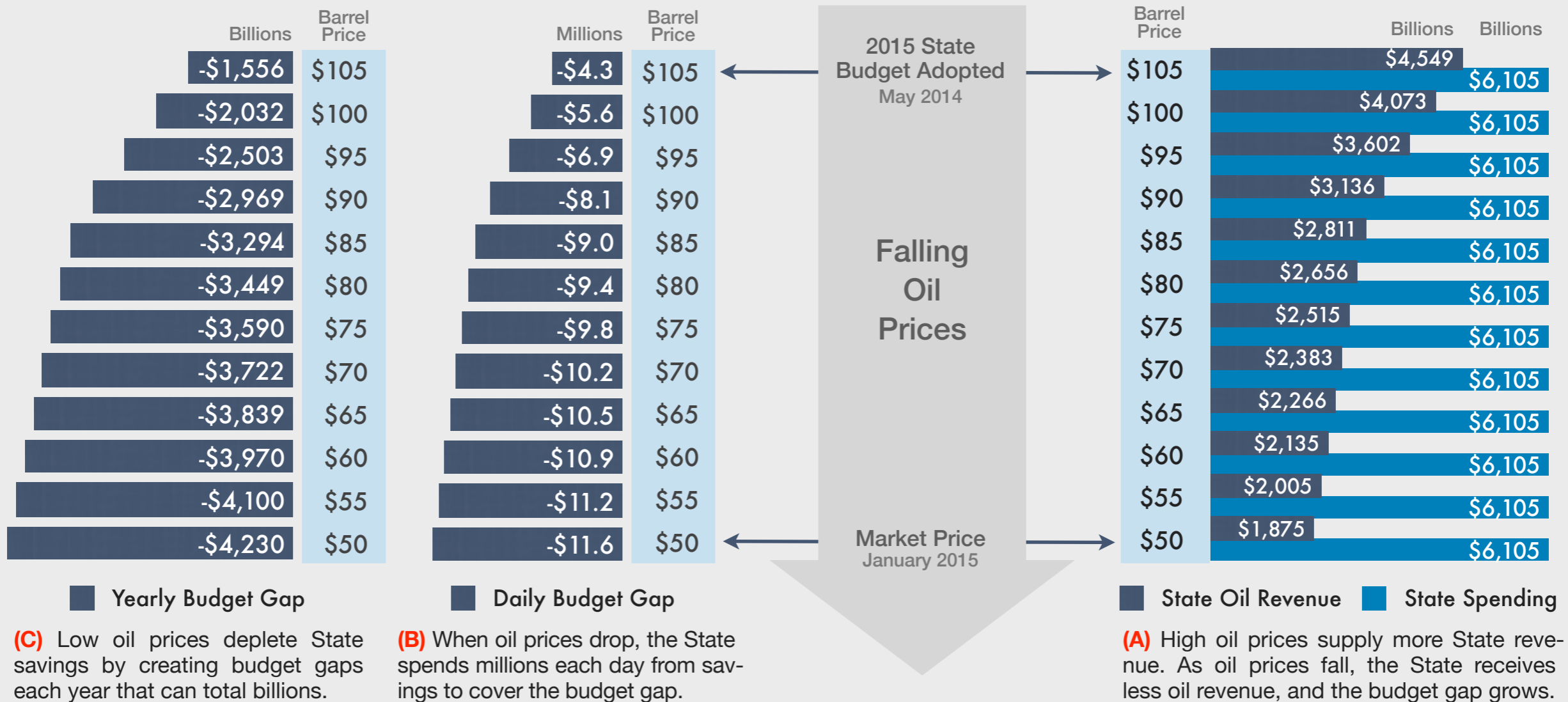
How much is spent each year to provide services and fund projects that benefit Alaskans statewide.



#### State Savings

How much is borrowed from our savings to fill the gap between State spending and oil revenue.





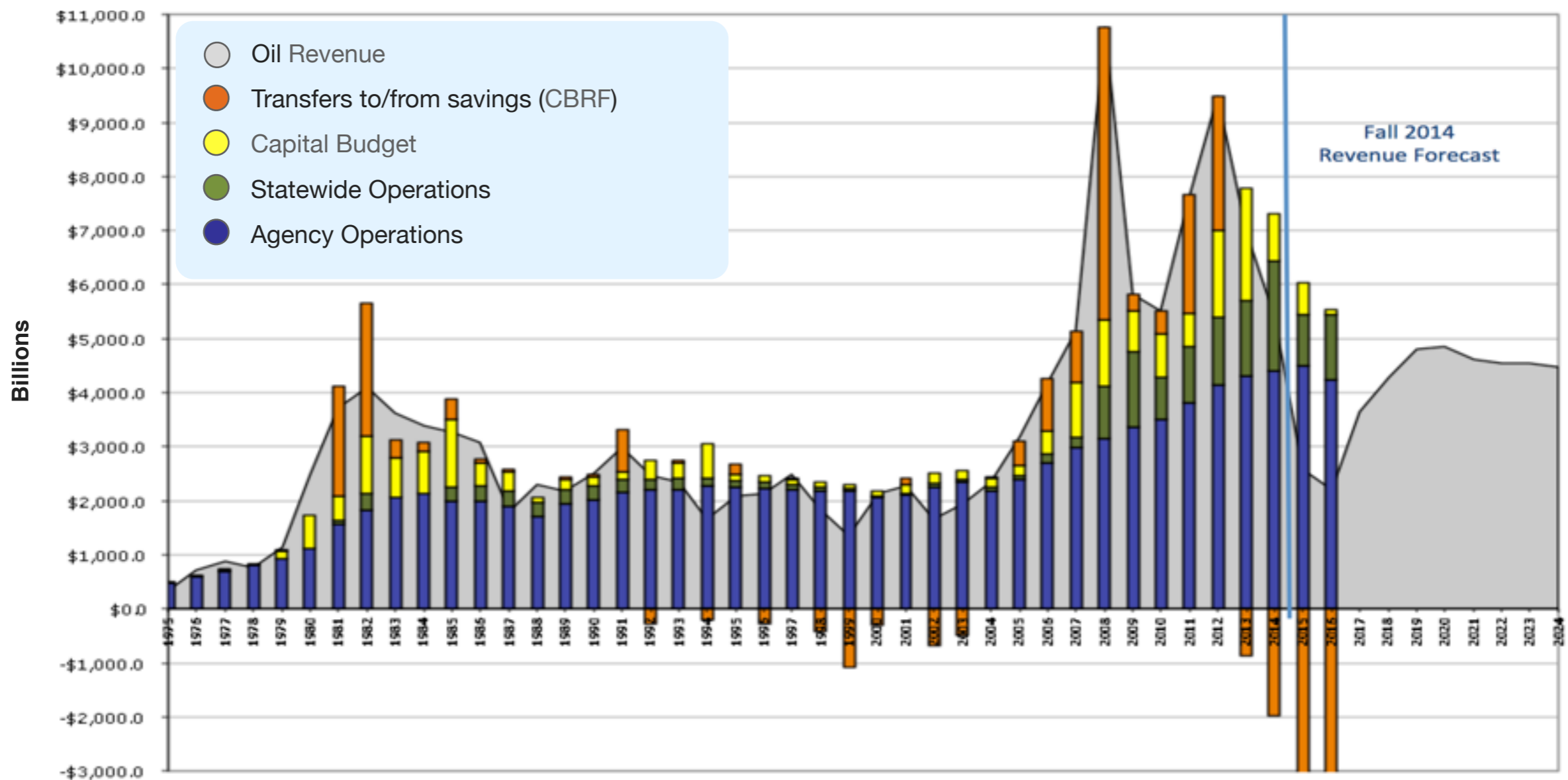
Sources: Alaska Department of Revenue Fall 2014 Forecast Model, Office of Management and Budget FY 2015 State Spending

### How Oil Prices Affect Alaska's Budget Gap

These models illustrate how fluctuating oil prices influence revenue and cause gaps between the State's income and spending.

The amount of oil revenue the State receives changes as the price of oil rises or falls **(A)**. As oil prices fall, the daily **(B)** and yearly **(C)** budget gaps grow larger. A 2015 State budget totaling \$6.1 billion was adopted in May 2014 when the price of oil was \$105 a barrel. By January 2015, oil prices had fallen to about \$50 a barrel.

It is important to understand that the State's budget gap is a cash flow problem, not a wealth problem. We have trillions of dollars of value under our ground and in our waters. The potential of our oil, natural gas, fisheries, and mining prospects are nearly limitless. To build a sustainable financial platform, our goal is to continue to work with these industries to further develop our resources to the maximum benefit of Alaskans.



### 40 Years of State Spending History

This graph shows Alaska’s state budget from 1975 to 2015, and illustrates the relationship between oil revenue, spending, and savings in shaping the budget each year.

As oil revenues began to rise in the early 2000s, State spending also increased. During years when the State received more oil revenue than it spent, surplus funds were transferred into a savings account called the Constitutional Budget Reserve Fund (CBRF). At present, Alaska

has over [\\$10 billion](#) in the CBRF savings account and about \$4 billion in other savings. In years when Alaska oil production levels declined or oil prices dipped, some of these savings were used to cover State budget shortfalls.

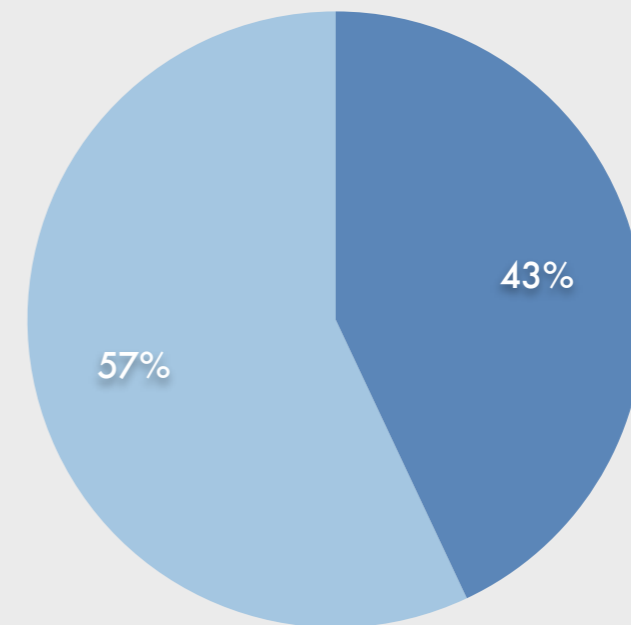
Our savings can be used to bridge the current budget gap. However, if State spending and oil prices stay about the same as they are now, that savings would last only 3-6 years.



## How does the budget gap affect me?

Every Alaskan benefits in some way from State services and projects. Alaska's budget supports communities, organizations and individuals through grants, direct payments and capital project funding.

### 100% of Spending Benefits Alaskans



- 43%: State agencies and personnel
- 57%: Communities, organizations and individuals through grants, direct payments and capital projects

Source: Office of Management and Budget.

*Pipeline Warning Sign*  
[Wikimedia Commons](#)



## A Path to Prosperity

As Alaskans work together to develop a sustainable State budget, we must be mindful of past trends, set realistic goals, monitor our progress, and make necessary course corrections.

In the short-term, the budget gap will be managed through a combination of efficiency measures, spending reductions and using savings.



We know we cannot cut our way to prosperity. In the long-term, we must be ready to make prudent investments and adopt strategies such as increasing development of our natural resources; re-designing State departments to lower costs and maximize service delivery; and initiating local, non-profit and tribal partnerships

We'll need a rational approach and a shared vision to identify the right level of government for Alaskans. We cannot accept business as usual, and must be efficient, innovative, and creative in the delivery of State services and programs.

We're reaching out to Alaskans to be a part of this process. We'll put a premium on solutions and strong ideas, regardless of where or who they come from. Public input, along with the State's ongoing analysis, will provide a reliable foundation for informed decision-making about the State's financial picture as we move forward.

*Alaska Range Glacier*

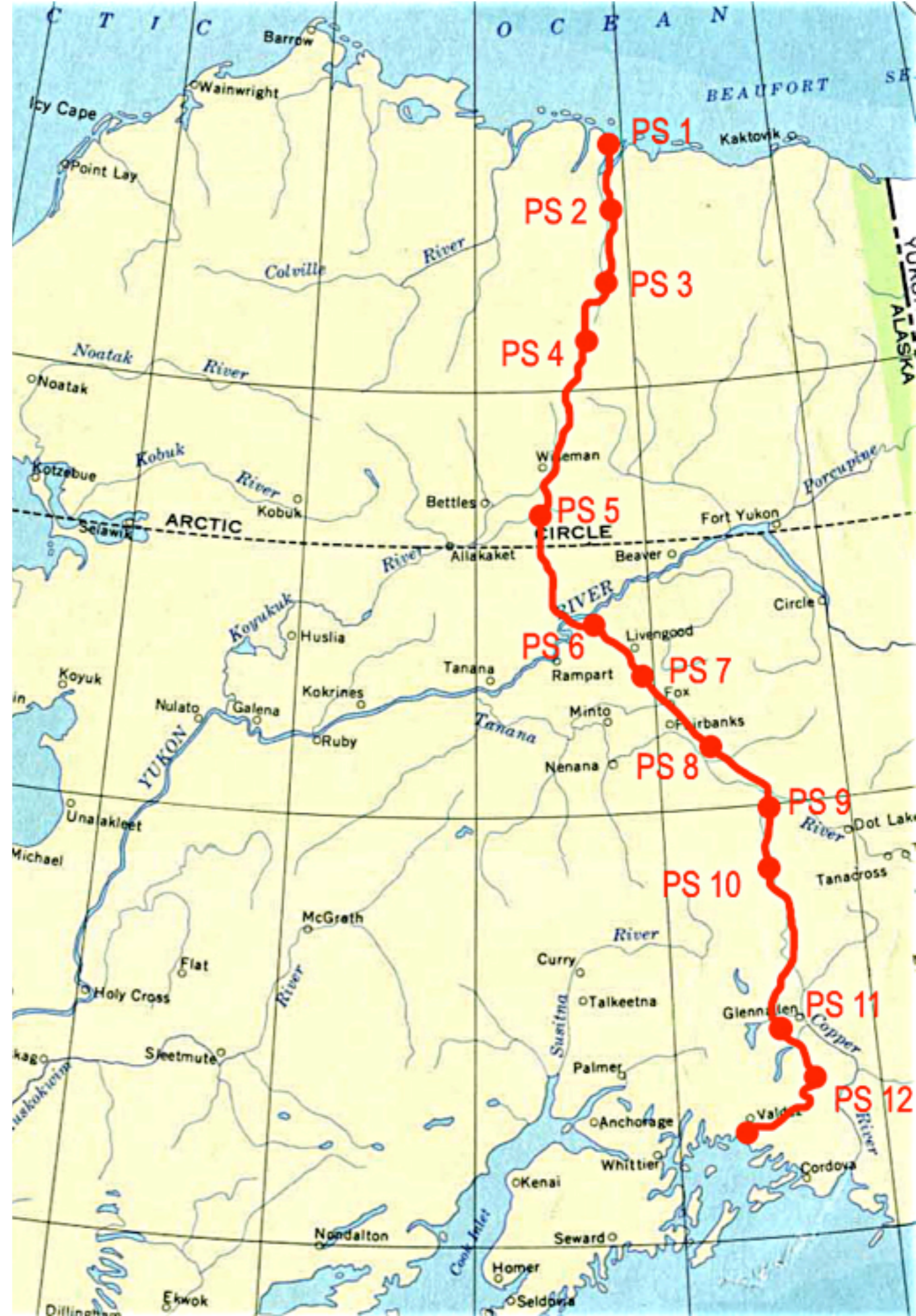
[Wikimedia Commons](#)

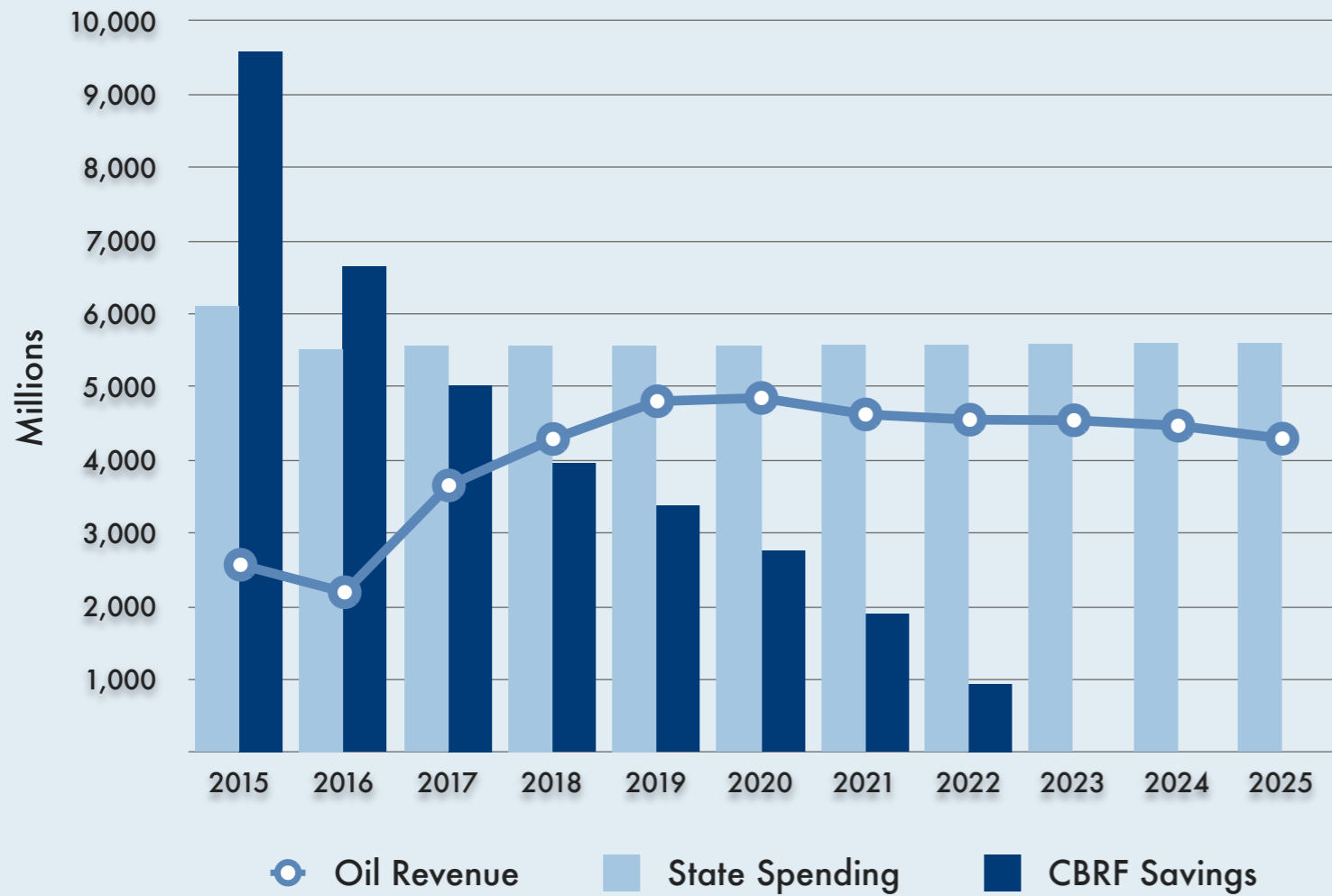
## CHARTING ALASKA'S FUTURE

The examples on the following pages illustrate Alaska's current financial situation, and how decisions we make now could affect our future. They are meant to help describe the challenges we face in providing long-term economic stability for the state, and act as a planning tool for charting the course ahead.

These projections illustrate a range of possible impacts on Alaska's current spending and oil revenue, and represent several potential futures. Using the Fall 2014 Revenue Forecast as a guide, three scenarios have been created:

- Scenario 1: Base Case
- Scenario 2: Higher Oil Production
- Scenario 3: Lower Oil Prices





### Scenario 1: Base Case

This scenario establishes a baseline that follows the Fall 2014 Revenue Forecast.



Oil revenue drops, rises, then flattens.



State spending stays flat at \$5.6 billion from 2016 through 2025.



CBRF savings cover state spending gap for 8 years, then are depleted.

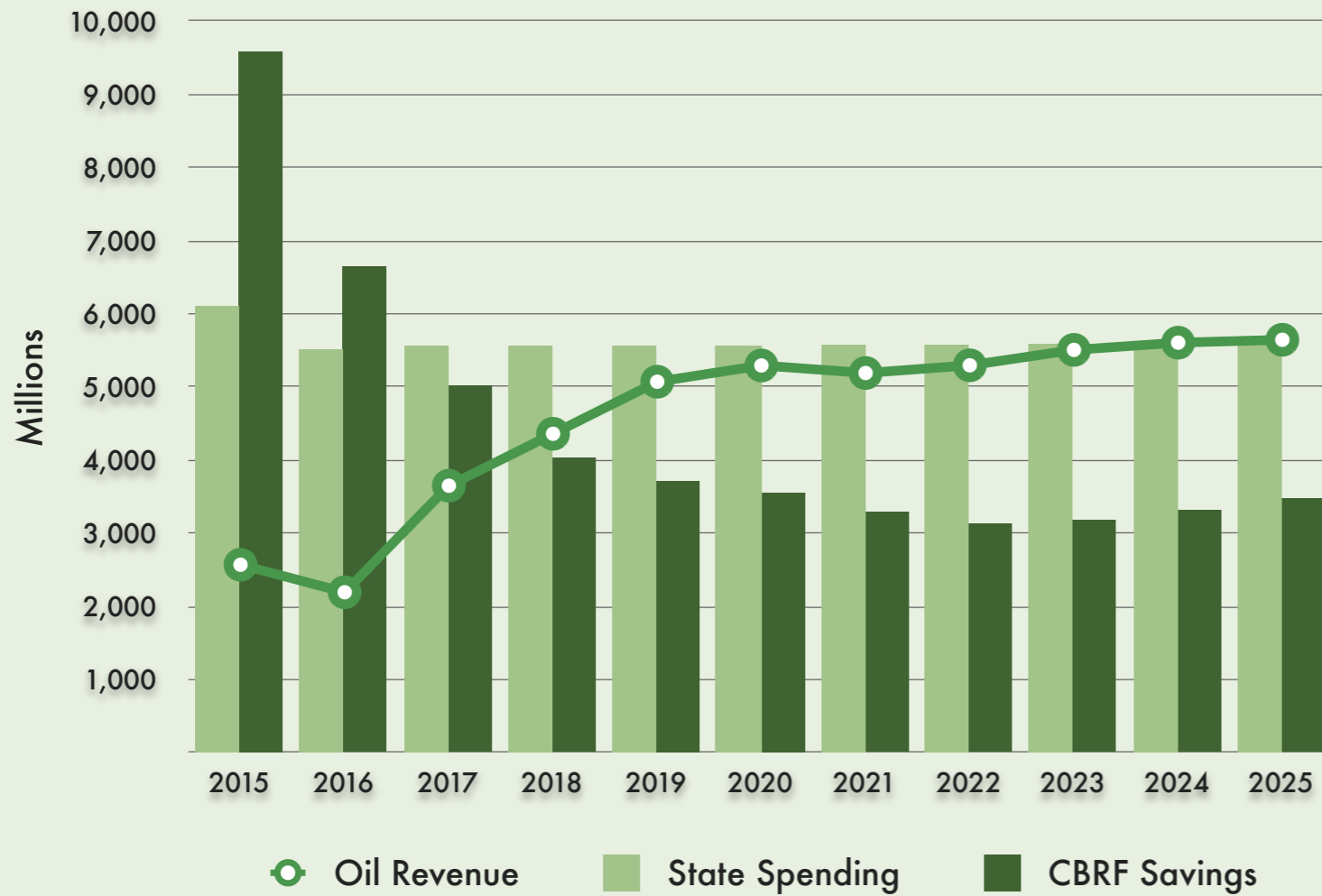
Note: These projections are intended to be used as planning tools. They do not represent a commitment by the Walker Administration to propose spending nor bring in revenue at a particular level in FY 2015, FY 2016, or any future year.

### Scenario 1: Base Case

**Oil Revenue:** This scenario is based on the Fall 2014 Revenue Forecast. State oil revenue drops in 2016, then slowly rises over the next five years and eventually flattens out.




**State Spending:** Annual spending is held flat at about \$5.6 billion starting in 2016 and continuing through 2025.

**CBRF Savings:** To cover the sizable gap between State spending and oil revenue, it would be necessary to draw funds each year from the Constitutional Budget Reserve Fund (CBRF). By 2023, the CBRF savings account would be empty, while budget deficits continue through 2025 and beyond.



**Scenario 2: Higher Oil Production**

This scenario pairs the Fall 2014 Revenue Forecast and an industry oil production assessment.

-  Oil revenue drops, then slowly rises to equal 2025 State spending levels.
-  State spending stays flat at \$5.6 billion from 2016 through 2025.
-  CBRF savings cover spending gap for 10 years, then match 2025 State spending.

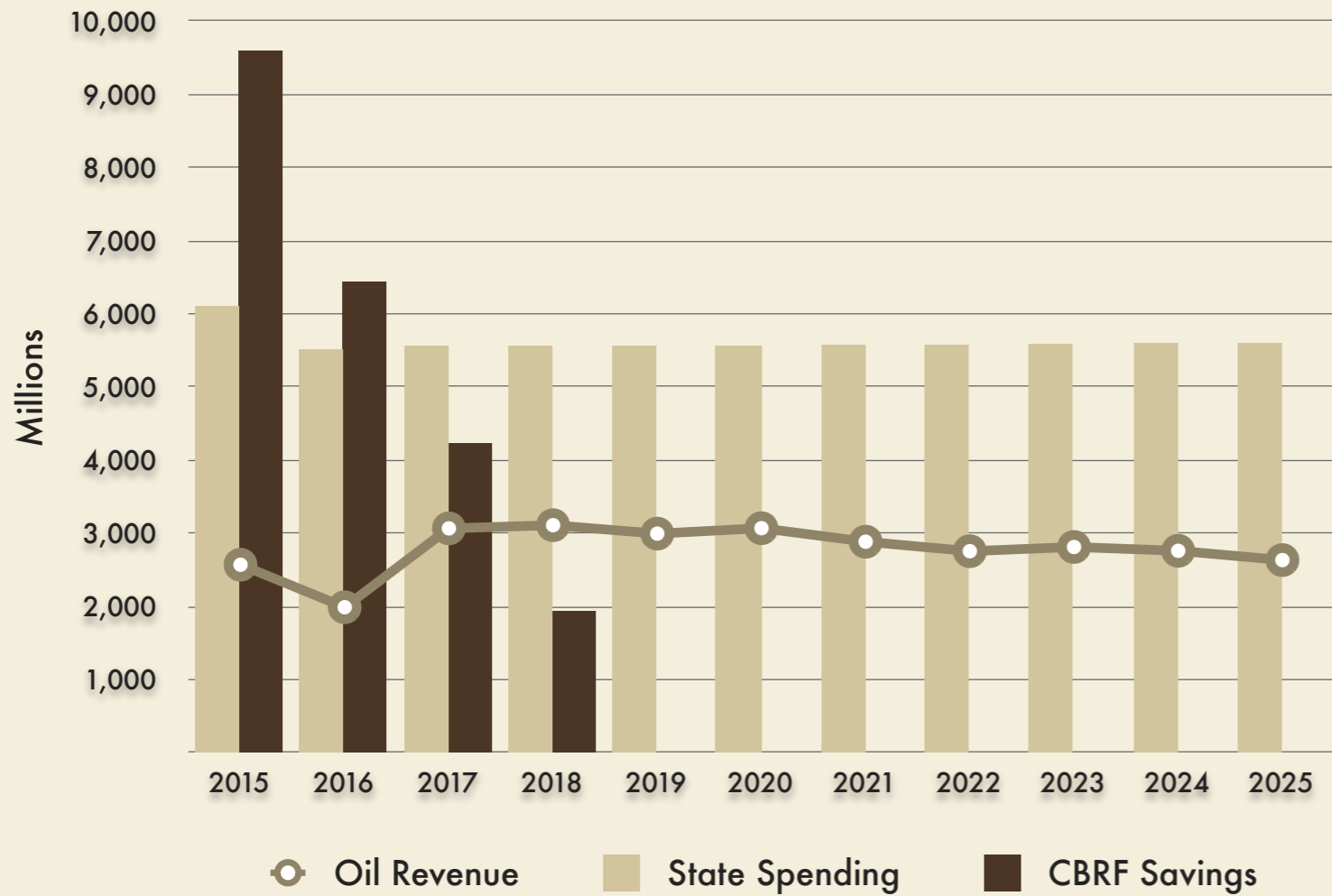
Note: These projections are intended to be used as planning tools. They do not represent a commitment by the Walker Administration to propose spending nor bring in revenue at a particular level in FY 2015, FY 2016, or any future year.

**Scenario 2: Higher Oil Production**

**Oil Revenue:** For this scenario, the Fall 2014 Revenue Forecast was paired with an independent industry assessment. This assessment predicted higher oil production, which would provide increased revenue to the State. After an initial drop in 2016, oil production slowly begins to increase, eventually rising such that oil revenue meets State spending in 2025.

**State Spending:** Annual spending is held flat at about \$5.6 billion starting in 2016 and continuing through 2025.

**CBRF Savings:** Large draws from the Constitutional Budget Reserve Fund (CBRF) would be made to cover budget gaps in 2015 and 2016. Increased oil production and rising oil prices would combine in 2017 to substantially close the gap. This would cause the CBRF to first stabilize, then reverse its decline.



### Scenario 3: Lower Oil Prices

This scenario shows potential spending gaps if oil prices are lower than forecast.



Oil revenue drops, rises to slightly higher level and stays flat.



State spending stays flat at \$5.6 billion from 2016 through 2025.



CBRF Savings cover state spending gap for 3 years, then are depleted.

Note: These projections are intended to be used as planning tools. They do not represent a commitment by the Walker Administration to propose spending nor bring in revenue at a particular level in FY 2015, FY 2016, or any future year.

### Scenario 3: Lower Oil Prices

**Oil Revenue:** This scenario illustrates the potential deficits that could occur with long-term oil prices lower than are currently forecast. This example shows oil prices falling below \$60 per barrel in 2016, then holding near \$90 through the end of the decade. Prices gradually rise to near \$100 in 2023-2025.

**State Spending:** Annual spending is held flat at about \$5.6 billion starting in 2016 and continuing through 2025. It is not likely the State

would continue spending \$5.6 billion per year with ongoing lower oil revenue.

**CBRF Savings:** Beginning in 2015, large draws from the Constitutional Budget Reserve Fund (CBRF) would be needed to cover sizable yearly gaps between State spending and oil revenue. These steady draws would quickly use up CBRF savings. By 2018 the CBRF savings account would be empty, while budget deficits continue through 2025 and beyond.





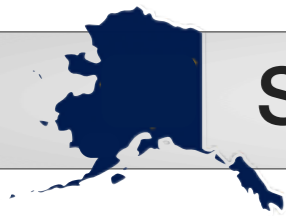
Valdez Harbor, [Wikimedia Commons](#)

## SOLUTIONS AND STRATEGIES

With high oil prices over the past few years, government grew quickly, and State spending reached unsustainable levels well before the price of oil dropped. We've assembled a team of commissioners who are committed to developing innovative approaches to delivering services more efficiently.

### Short-Term Solutions

- State agencies have been directed to plan and implement immediate spending reductions for 2015. Commissioners have also planned for 5-8% department reductions in 2016.
- All State employees have been asked to identify inefficiencies and opportunities to eliminate unnecessary expenses and consolidate services. Many useful ideas have already been submitted and are being reviewed.
- Commissioners will be working together across departments to find creative solutions using existing resources. Administrative structures may be redesigned to save money while maintaining maximum program and service delivery. Two key areas are in post-secondary education and criminal justice.
- Six mega-projects have been put on hold and are being reevaluated to assess their long-term costs and benefits to the State.
- All Alaskans are encouraged to take the [Voices for Vision Budget Survey](#) to provide ideas on ways to reduce State spending and identify additional revenue sources. Helpful suggestions from citizens and industry leaders have been steadily pouring in.



# Steps to Move Alaska Forward

## Minimize the Budget Gap

- 1 Limit spending, use resources efficiently, preserve critical services.
- 2 Reevaluate six mega-projects to assess long-term costs, benefits to the State.
- 3 Engage State employees and public in developing innovative solutions.
- 4 Restructure State service and program delivery to maximize efficiency.
- 5 Partner with local and federal governments, tribes, private entities.

## Stabilize Alaska's Economy

- 1 Reduce energy costs across Alaska at State and public buildings, schools.
- 2 Initiate flexible budget mechanisms to accommodate rapid downsizing.
- 3 Build All-Alaska Gasline as in-state source of revenue, jobs, energy.
- 4 Expand resource development of oil, fisheries, and mining.
- 5 Explore ways to safely leverage the State's \$100 billion in assets.

## Put Alaskans First

- 1 Prioritize education, kindergarten through college and vocational.
- 2 Leverage federal funds to expand Medicaid insurance coverage.
- 3 Put "Alaska first" for local hire and purchase of services, products, etc.
- 4 Initiate partnerships to improve FAS prevention, mental health care.
- 5 Manage State's natural resources, fish and game to benefit Alaskans.

## Long-Term Strategies

Our shared challenge is to strike a balance between our state's current needs and our ability to provide essential public services in the future.

We'll start by developing strategies to control State spending and maximize government efficiency. These may include improving and streamlining business processes, reviewing regulations, enhancing technology use, lowering purchasing costs, reducing the amount and cost of office space, and eliminating vacant positions.

Going forward, we'll assess the proper level of government services, the needs of Alaskans, and the funds available to develop a sustainable budget that is 5-8% lower in 2016, and 25% lower in 3-4 years.

All options to reduce the size of State government must be considered, including partnering with local governments, tribes and nonprofits, finding opportunities to privatize or combine service delivery, restructuring agencies, re-appropriating funds to address higher-priority needs, and leveraging external resources to achieve priorities.



## Putting Alaska and Alaskans First

State government should provide necessary services, a secure environment, the education needed to pursue a livelihood, and opportunities for current and future generations to experience Alaska's bounty.

With deep agency reductions and a minimal capital budget, our 2016 budget represents spending reductions of over \$550 million, 9% below the previous year. It covers an estimated \$700 million in oil tax credit payments, and \$262 million in retirement costs, while prioritizing strategic investments in opportunities for Alaskans, a stable economy, education, resource development, affordable energy, and supporting Alaskan families.

All State agencies and programs are involved in limiting spending. In identifying cuts, departments have been asked to take a multi-year approach, maintain maximum service delivery, seek partnerships and opportunities to privatize, assess programs not specifically required by State law, and to involve Alaskans in the decision-making process.

More details about our vision for Alaska's future and strategies to address the budget gap can be found in the [State of the State](#) and [State of the Budget](#) addresses. Additional information about our 2016 Endorsed Budget can be found on the [Office of Management and Budget website](#).

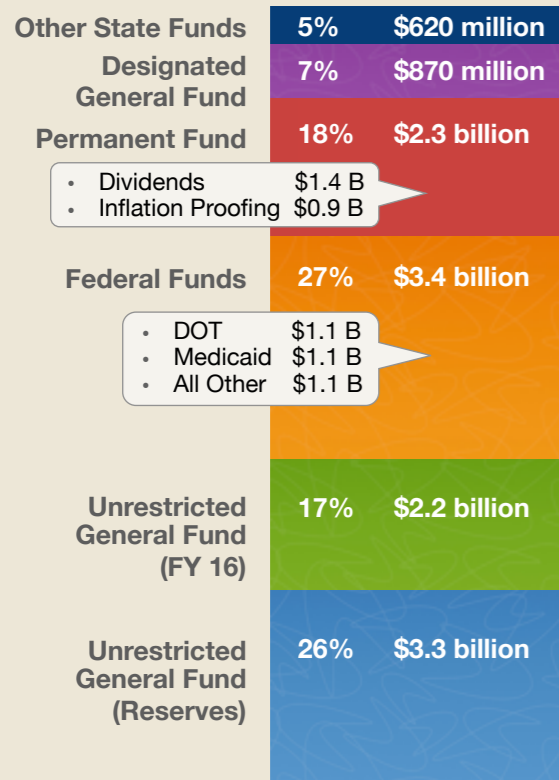
The graphs on the following page provide a summary of the 2016 Endorsed Budget we've submitted for legislative consideration.

*Norton Sound sunrise*  
[Wikimedia Commons](#)

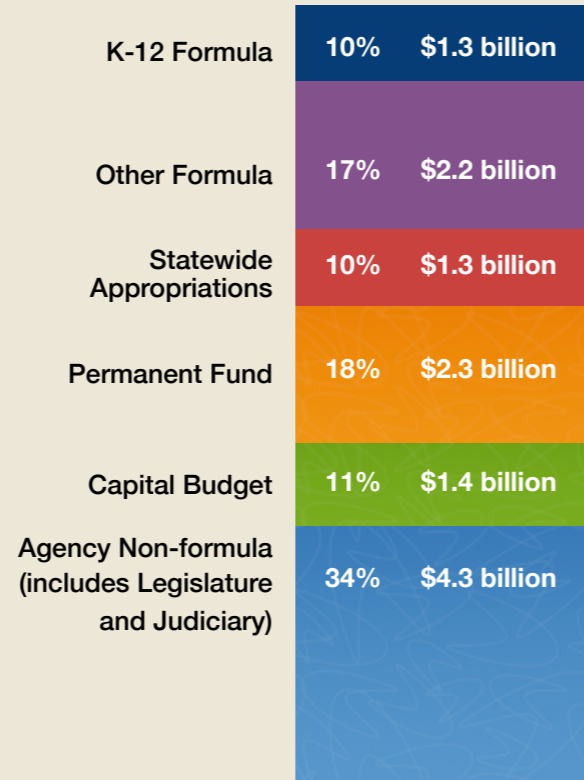
# 2016 Endorsed Budget Summary

Additional detail is available from the [Office of Management and Budget](#).

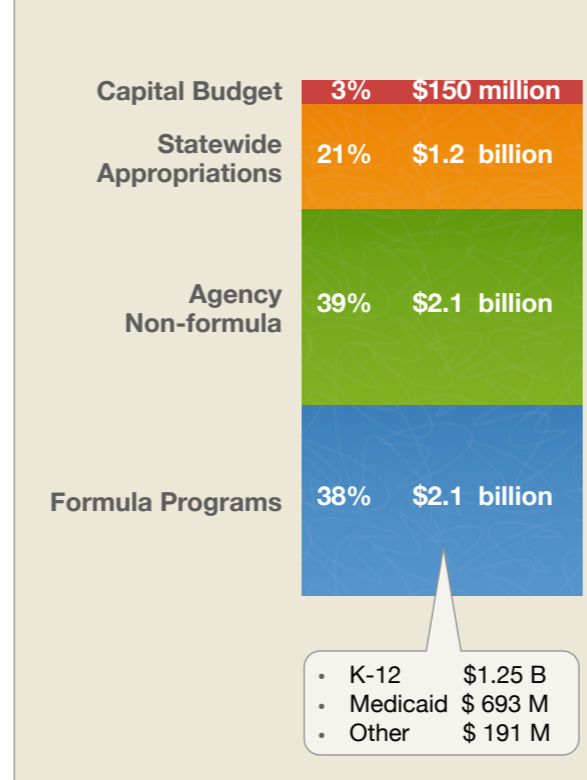
## FY 2016 Budget All Fund Sources



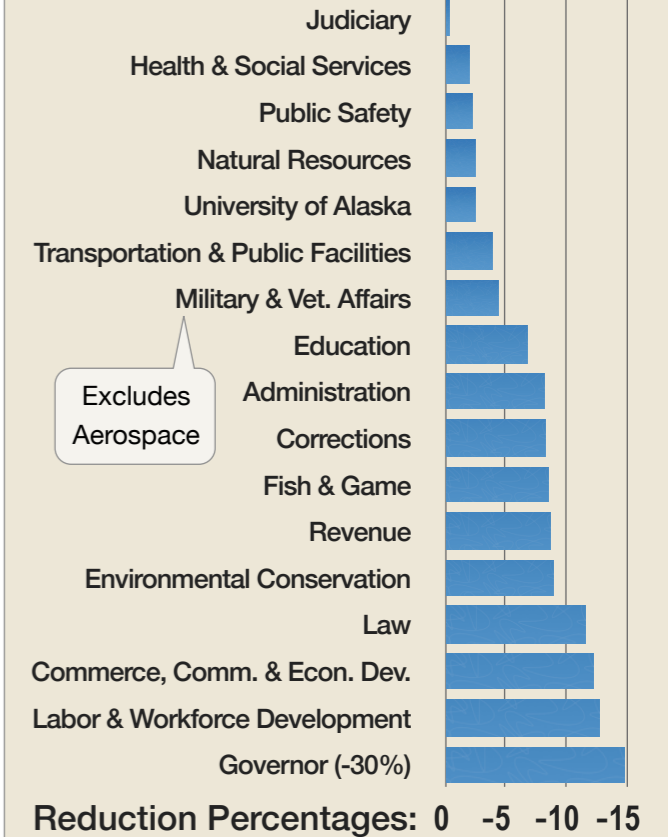
## FY 2016 Budget by Category



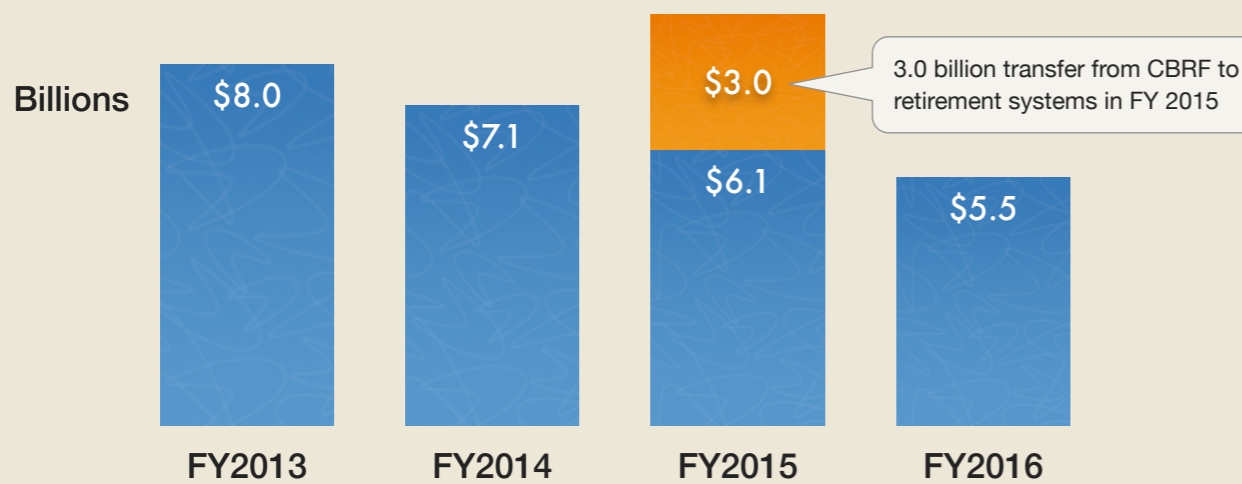
## FY 2016 General Fund Budget by Category



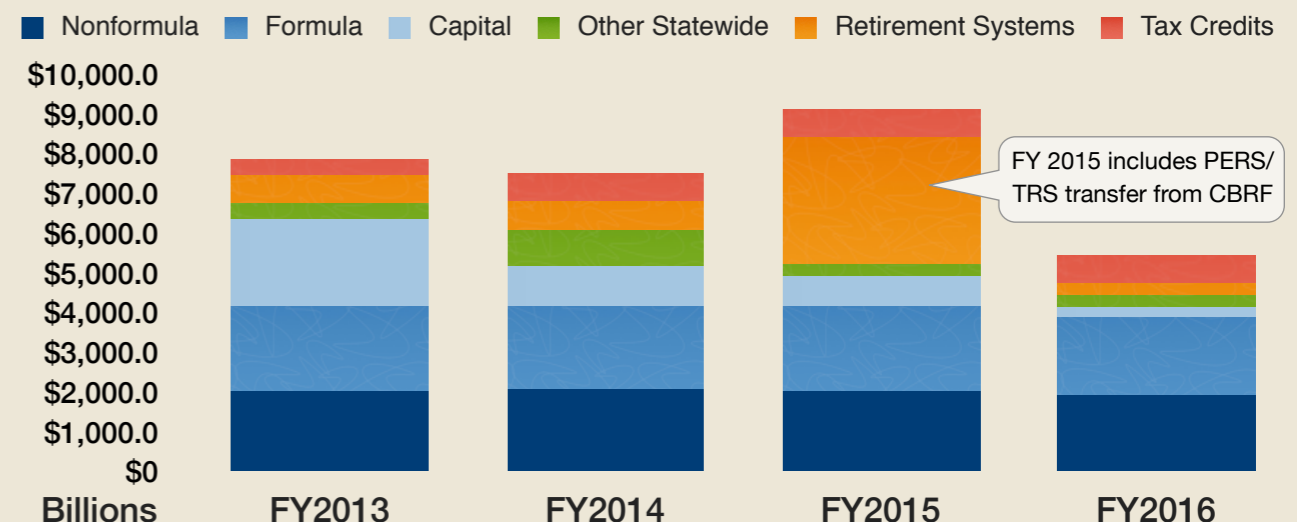
## All State Agencies Involved in Limiting Spending



## FY 2016 UGF Spend: \$5.55 Billion



## UGF/CBRF/SBR spending by category FY 2013 - FY 2016

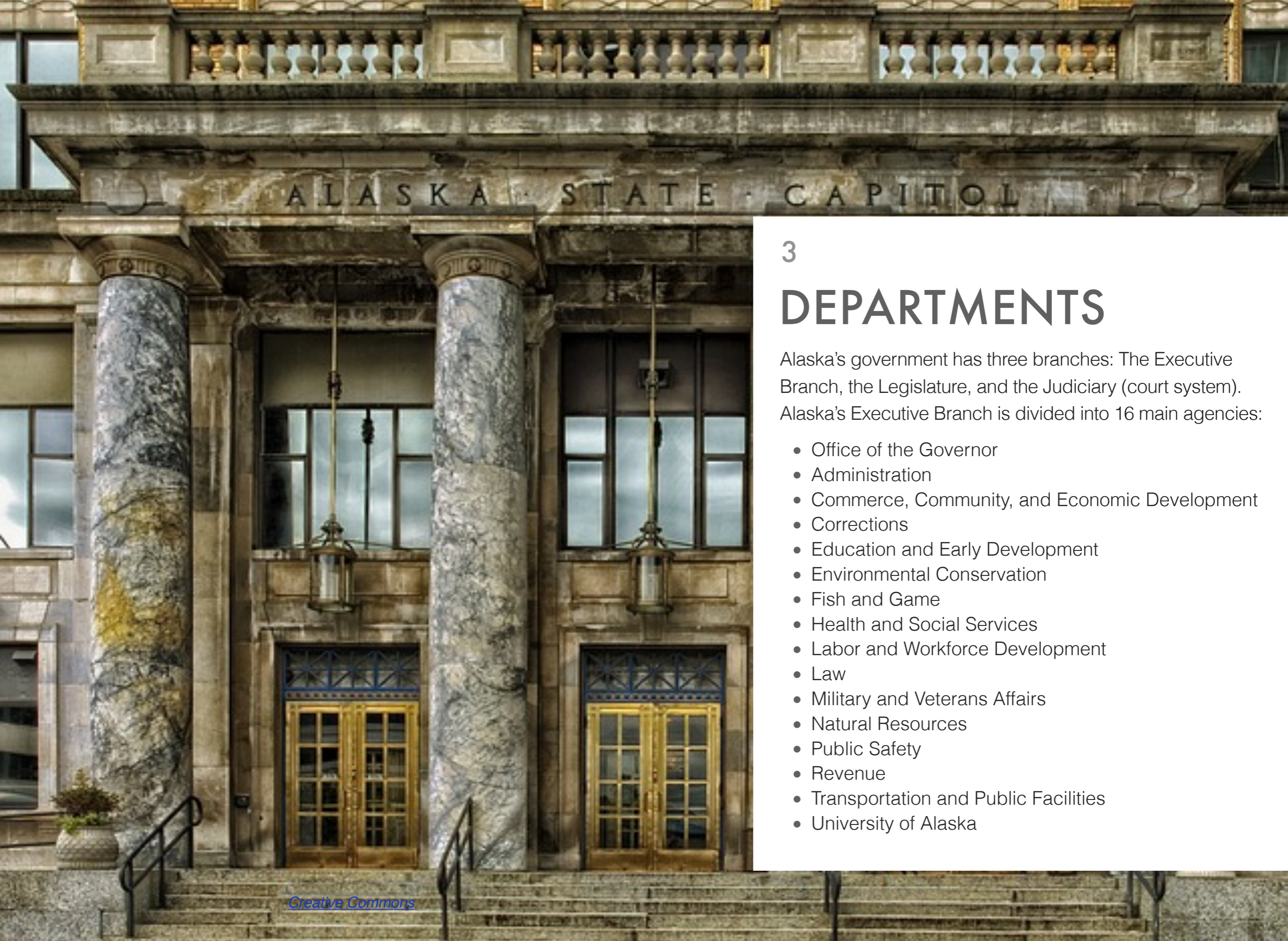


## Budget Process

The approval process for Alaska's State budget follows a four-step procedure:

1. The Governor proposes a spending plan.
2. The Legislature has the power of appropriation and ultimately approves the budget through legislation.
3. The Governor signs the budget bills into law, and has authority to make line-item vetoes. (The Legislature can override his vetoes with a three-quarters supermajority.)
4. The Governor carries out the spending plan. If changes need to be made, next year's legislature can approve changes through "supplemental" spending bills.





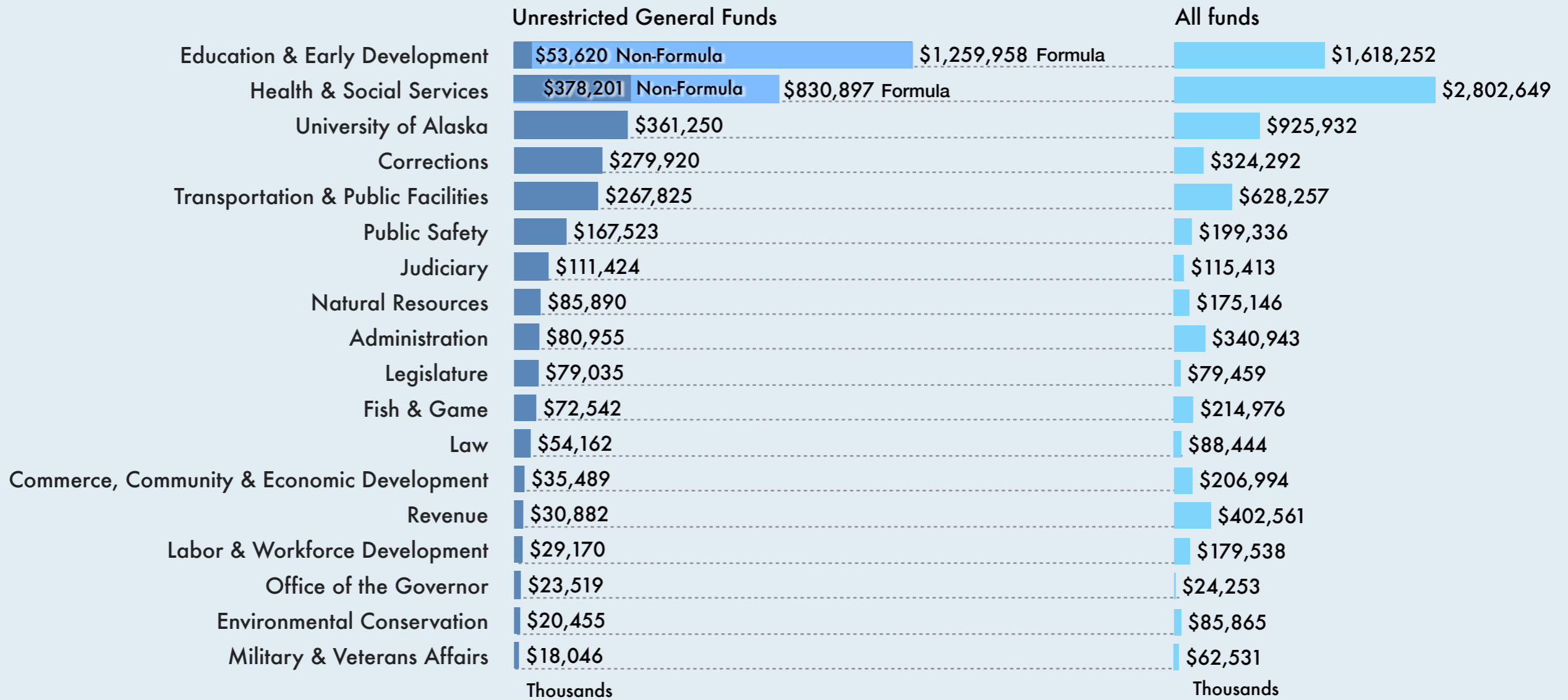
3

## DEPARTMENTS

Alaska's government has three branches: The Executive Branch, the Legislature, and the Judiciary (court system). Alaska's Executive Branch is divided into 16 main agencies:

- Office of the Governor
- Administration
- Commerce, Community, and Economic Development
- Corrections
- Education and Early Development
- Environmental Conservation
- Fish and Game
- Health and Social Services
- Labor and Workforce Development
- Law
- Military and Veterans Affairs
- Natural Resources
- Public Safety
- Revenue
- Transportation and Public Facilities
- University of Alaska

## 2016 Endorsed Budget by Department



### Department Spending at a Glance

The graph above shows proposed spending in the 2016 Endorsed Budget we've submitted for legislative consideration. These figures represent an overall spending reduction of \$550 million, 9% lower than 2015. For context, totals for Judiciary and the Alaska Legislature have been added. The 2016 budget, also called the FY 16 budget, covers the period from July 1, 2015 through June 30, 2016.

### What does each department do?

As we work together to create a sustainable State budget, it is important to understand how Alaska's government is currently structured. The following pages contain brief explanations of each department's mission and core services, a summary of their current budget, and our proposed FY 16 budget plan.



## **Governor's Responsibilities**

The Governor is the chief executive of the State, and is responsible for the faithful execution of the laws. The Office of the Governor is responsible for coordinating the activities of executive branch agencies to ensure that programs are consistent with the Governor's policy objectives.

## **Lieutenant Governor's Responsibilities**

The Lieutenant Governor succeeds the governor in case of vacancy in the Office of the Governor. The Lieutenant Governor also serves as supervisor of the Division of Elections, administers the initiative, referendum and recall process and has other duties such as publishing state regulations, the Alaska Constitution, and online notices. The Lieutenant Governor is chair of the Alaska Historical Commission, Co-chair of the State Committee on Research, and is a member of the Alaska Workforce Investment Board.

*Juneau, Alaska's Capital City*  
[Wikimedia Commons](#)







Governor's House, Juneau, [Wikimedia Commons](#)

## 2016 Budget Notes

This administration can and will do more with less. Downsizing starts with the Governor's office. Of the 30% reduction, 11% is due to leaner staffing and operations. Our staff is the smallest it's been in 15 years. Due to the fact that this is not an election year, additional operational reductions have been achieved. More details about our vision for Alaska and strategies to address the budget gap can be found in the [State of the State](#) address and the [State of the Budget](#) address.



### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$23,519	\$24,253
FY 15 Budget	\$33,610	\$34,338
Amount Changed (\$)	-\$10,091	-\$10,085
Amount Changed (%)	-30.0%	-29.4%

[Governor's website](#)

[Lt Governor's website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

Centralize services to provide more efficient, cost-effective support to State agencies and Alaskans.

### **Services to Alaskans**

- Division of Motor Vehicles
- Division of Retirement and Benefits
- Office of Public Advocacy
- Public Defender Agency
- Alaska Public Offices Commission
- Alaska Oil and Gas Conservation Commission
- Alaska Public Broadcasting Commission
- Office of Administrative Hearings
- Violent Crimes Compensation Board

### **Services to State Agencies**

- Labor Relations and Personnel
- Finance (payroll, accounting, and disbursements)
- General Services (purchasing, surplus property, mail, managing public buildings, and leases)
- Risk Management
- Enterprise Technology Services (telecommunications and computer services)
- Retirement and Benefits (for public employers, public employees and retirees)





*The Glenn Highway near Gunsight Mountain, [Wikimedia Commons](#)*

### 2016 Budget Notes

The Walker-Mallott administration has made it a priority to reduce energy costs at State-owned and public buildings, including schools. Increasing energy efficiency will allow State dollars to be better concentrated on the services provided. We've asked State employees and the public for suggestions on ways to make our government more efficient. It will also be a priority of this administration to "buy Alaskan" when possible, whether it's professional services, food, equipment, or just about anything else.



Alaska Department of  
**Administration**

#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$80,955	\$340,943
FY 15 Budget	\$88,178	\$348,366
Amount Changed (\$)	-\$7,223	-\$7,423
Amount Changed (%)	-8.2%	-2.1%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

Promote economic development, strengthen communities and provide consumer protection. To accomplish this mission, the department implements programs for sustainable business growth and reduced energy cost, regulates and enforces to provide a stable business climate, and provides technical and financial assistance and volunteerism outreach opportunities for communities.

### **Divisions**

- Banking and Securities
- Community and Regional Affairs
- Corporations, Business and Professional Licensing
- Economic Development
- Insurance

### **Corporate Agencies**

- Alaska Industrial Development and Export Authority
- Alaska Energy Authority
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Regulatory Commission of Alaska
- Alcoholic Beverage Control Board
- Serve Alaska Commission

*Crab fishing in the Bering Sea*  
[Wikimedia Commons](#)





Alaska Railroad, [Wikimedia Commons](#)

**2016 Budget Notes**

Municipalities will receive \$57 million dollars in revenue sharing, \$3 million less than last year. Smaller communities rely more on revenue sharing than do larger communities, and we're committed to helping the Alaska Municipal League hold smaller communities harmless from retirement system penalties.



**FY 16 BUDGET SUMMARY (in thousands)**

	General Funds	All Funds
FY 16 Endorsed Budget	\$35,489	\$206,994
FY 15 Budget	\$40,454	\$215,332
Amount Changed (\$)	-\$4,965	-\$8,338
Amount Changed (%)	-12.3%	-3.9%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## Mission and Core Services

Responsible for public safety through the incarceration and supervision of offenders. Provides secure confinement, reformatory programs, and a process of supervised community reintegration to enhance the safety of our communities.

The department's trained professionals are committed to a safe, open and respectful organization that is dedicated to public safety and respecting the rights and dignity of victims of crime. Offenders will be treated in a safe and humane manner, and will be expected to enhance their ability to reform every day.

The department operates 13 correctional facilities and jails that provide secure incarceration and appropriate rehabilitation programs for felons and misdemeanants; community residential centers; supervision and case management of probationers and parolees in the community; and oversight of 15 small community jails.

Also included in the department is the Alaska Board of Parole, a quasi-judicial board that makes all parole-related decisions.

Fairbanks Correctional Center  
[Wikimedia Commons](#)



# DEPARTMENT OF CORRECTIONS



Spring Creek Correctional Center, Seward, [Wikimedia Commons](#)

## 2016 Budget Notes

Criminal justice is an area where we want to see several departments combine services. Corrections, Public Safety, Law, the court and public defender systems must work together to reduce costs and keep Alaskans safe and avoid the need to build another prison.



Alaska Department of  
**Corrections**

### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$279,920	\$324,292
FY 15 Budget	\$297,654	\$333,041
Amount Changed (\$)	-\$17,735	-\$8,749
Amount Changed (%)	-6.0%	-2.6%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

Responsible for Alaska's system of public education. The State Board of Education and Early Development is the executive board of the department. The Board develops educational policy, promulgates regulations governing education, appoints the Commissioner of Education and Early Development with the Governor's approval, and is the channel of communication between State government and the public for educational matters. Education policies are determined by the Board and administered by the Commissioner through the department.

The department also provides financial aid to post-secondary students through the Alaska Commission on Postsecondary Education, and operates Mt. Edgecumbe High School, the State's secondary boarding school program.

### **Programs Administered**

- Public school funding
- Teacher certification
- Student assessment
- State libraries
- Archives
- Museum services
- Community arts grants

*Tracy Arm fjord*  
[Wikimedia Commons](#)







Denali Peak, [Wikimedia Commons](#)

**2016 Budget Notes**

Education is among our administration's highest priorities. In this fiscal environment we're asking the department to make some reductions, but less than other departments. In our endorsed budget, K-12 formula funding remains intact, but one-time funding added last year has been eliminated. This equates to a 2.5 percent funding reduction. In a time of limited cash flow, it is increasingly difficult to forward-fund programs and lock up revenue for a year. Forward-funding of education would continue at 90 percent of the current level. This is not a 10 percent cut in education funding. It is just reducing how much is pre-funded.

Alaska Department of  
**Education & Early Development**

**FY 16 BUDGET SUMMARY (in thousands)**

	General Funds	All Funds
FY 16 Endorsed Budget	\$1,313,579	\$1,618,252
FY 15 Budget	\$1,408,922	\$1,698,062
Amount Changed (\$)	-\$95,343	-\$79,810
Amount Changed (%)	-6.8%	-4.7%

[Department Website](#) NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

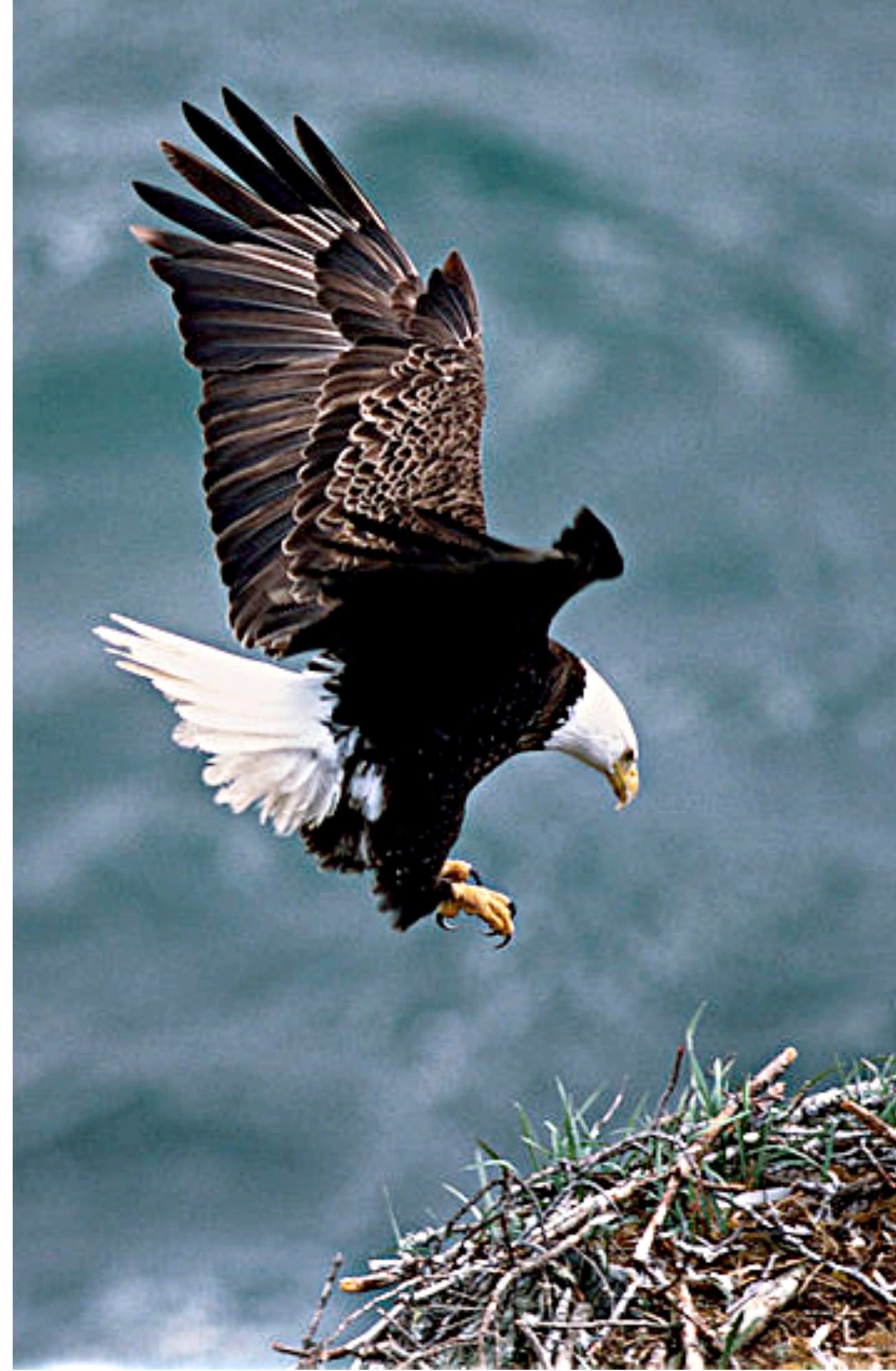
Through partnerships with Alaska citizens, businesses, and communities, the department works to safely manage and reduce pollution and hazards to the environment and human health.

The department develops and enforces standards for protection of the environment and the abatement of pollution to air, land and water; and controls sanitary practices related to food, drinking water and solid waste.

### **Services to Communities**

- Financial and technical assistance for upgrading water, sewage and solid waste
- Assistance meeting health-based standards for air quality
- Positioning oil spill response equipment for preparedness and cleanup of oil and hazardous substance releases

*Bald Eagle*  
[Wikimedia Commons](#)





Hubbard Glacier calving, [Wikimedia Commons](#)

### 2016 Budget Notes

We're working to make it easier for new independent oil companies to operate on the North Slope without cutting any corners on safety or environmental protection issues. Our current North Slope model is designed for large companies such as the ones we are fortunate to have here in Alaska.



#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$20,455	\$85,865
FY 15 Budget	\$22,472	\$87,561
Amount Changed (\$)	-\$2,018	-\$1,696
Amount Changed (%)	-9.0%	-1.9%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

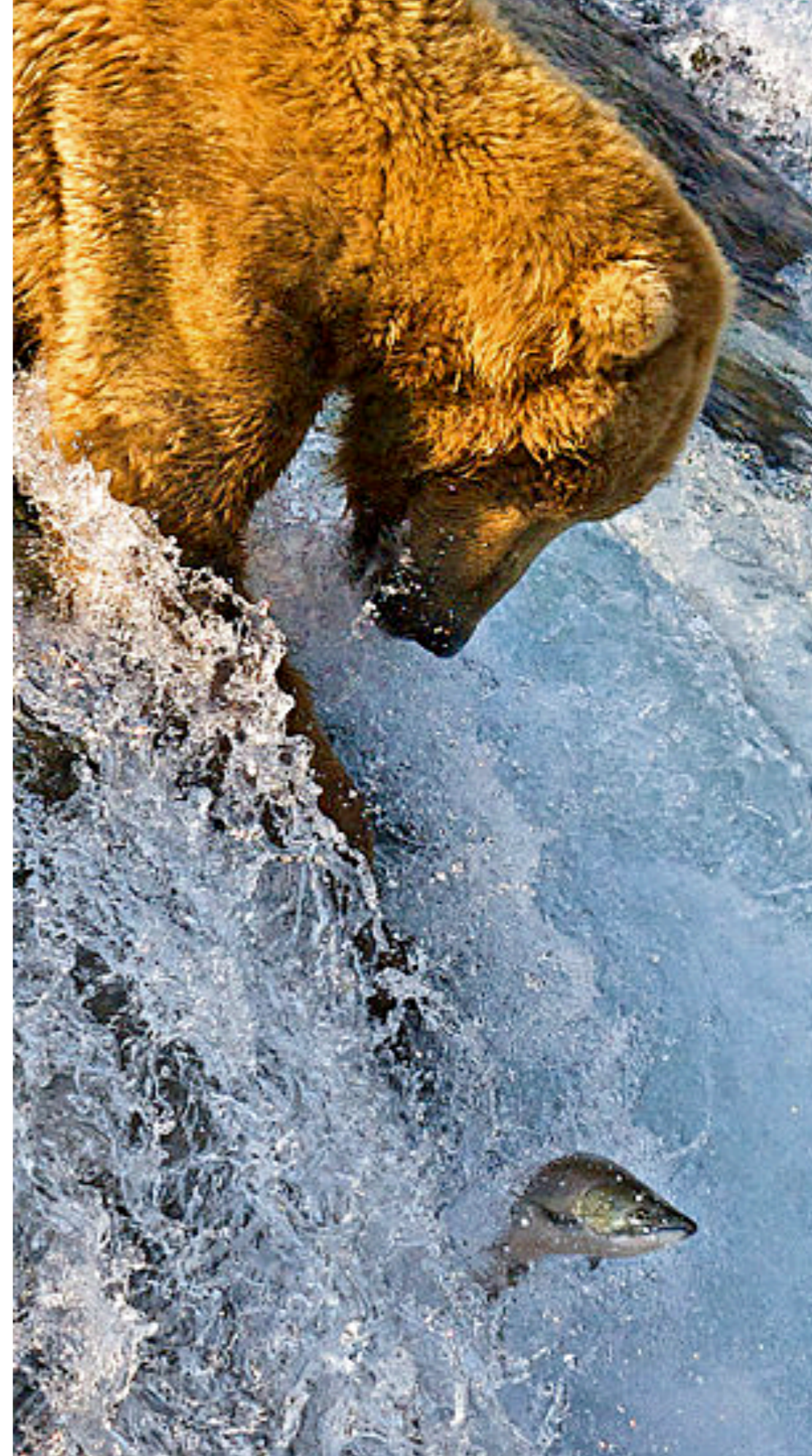
The Department of Fish and Game's mission is to protect, maintain, and improve the fish, game, and aquatic plant resources of the State; and manage their use and development in the best interest of the economy and well-being of the people of the state, consistent with the sustained yield principle in the Alaska Constitution. The Commissioner and the department conduct management and research functions necessary to support this mission.

The Boards of Fisheries and Game are responsible for adopting regulations to conserve and develop the State's fish and wildlife resources. The Commercial Fisheries Entry Commission is a quasi-judicial agency that promotes resource conservation and sustained-yield management by regulating entry into Alaska's commercial fisheries. The department also includes the Exxon Valdez Oil Spill Trustee Council, which oversees restoration of the injured ecosystem through the use of a \$900 million civil settlement.

### **Divisions and Programs**

- Administrative Services
- Commercial Fisheries
- Habitat
- Sport Fish
- Subsistence
- Wildlife Conservation
- Exxon Valdez Oil Spill Trustee Commission
- Commercial Fisheries Entry Commission

*Grizzly bear fishing, Katmai National Park*  
[Wikimedia Commons](#)





Male moose, [Wikimedia Commons](#)

### 2016 Budget Notes

In Alaska, many boats are small family businesses. Fisheries remain the state's top employer, and we will work with this crucial industry to strengthen sustainable fisheries, keep boots on the deck, and bolster demand across the globe for our high-quality products.



#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$72,542	\$214,976
FY 15 Budget	\$79,388	\$215,273
Amount Changed (\$)	-\$6,845	-\$297
Amount Changed (%)	-8.6%	-0.1%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## Mission and Core Services

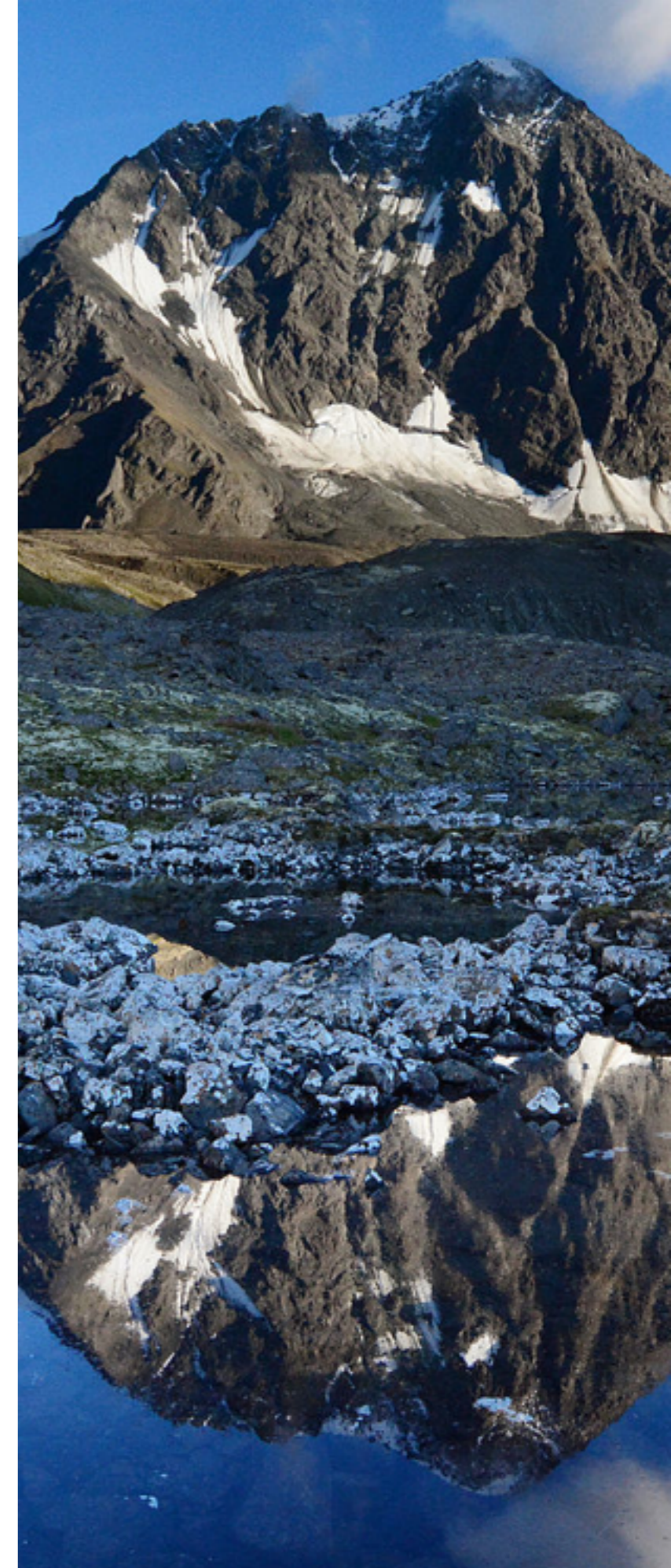
The mission of the department is to promote and protect the health and well being of Alaskans. The department's activities focus on three priorities: health and wellness across the lifespan; health care access, delivery and value; and safe and responsible individuals, families, and communities.

The department's core services are to: protect and promote the health of Alaskans; provide quality of life in a safe living environment for Alaskans; manage health care coverage for Alaskans in need; facilitate access to affordable health care for Alaskans; strengthen Alaska families; protect vulnerable Alaskans; and to promote personal responsibility and accountable decisions by Alaskans. The department strives to deliver the right care to the right person at the right time for the right price.

## Divisions

- Health Care Services: administers Medicaid services for low-income and disabled Alaskans
- Alaska Veterans and Pioneers Homes operation
- Senior and Disabilities Services: supports services for seniors, disabled, and vulnerable adults
- Office of Children's Services: provides child protection and family preservation programs
- Juvenile Justice: operates youth detention facilities, helps offenders transition back to their communities
- Public Assistance: provides basic financial assistance, with self-sufficiency emphasis, to Alaskans in need
- Public Health: provides for illness preventions, health promotion and protection, emergency preparedness
- Behavioral Health: oversees community-based mental health and substance abuse services across the continuum of care (prevention, early intervention, treatment and recovery programs), including operation of the Alaska Psychiatric Institute

*Bold Peak, Chugach Mountains*  
[Wikimedia Commons](#)





Orcas near Unimak Island, eastern Aleutians, [Wikimedia Commons](#)

### 2016 Budget Notes

We all want Alaskans to be as productive as possible, but people cannot work, hunt or fish unless they are healthy. Investing in the health of Alaskans is sound, prudent fiscal policy. We've taken steps to accept 100-percent federally funded Medicaid expansion. Medicaid expansion is good for Alaskans and good for Alaska's economy. It is estimated this could create as many as 4,000 new jobs in Alaska and extend federally funded coverage to thousands of our friends, neighbors, family members, and coworkers.



### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$1,209,098	\$2,802,649
FY 15 Budget	\$1,253,650	\$2,692,325
Amount Changed (\$)	-\$44,552	\$110,325
Amount Changed (%)	-3.6%	4.1%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## **Mission and Core Services**

Responsible for advancing opportunities for employment and ensuring that employers provide safe and legal working conditions. The department enforces laws and regulations assuring occupational safety and health; performs mechanical inspections; administers State wage and hour laws; serves as the labor relations agency for public employment in the state; and collects, analyzes, and releases labor market and population statistics.

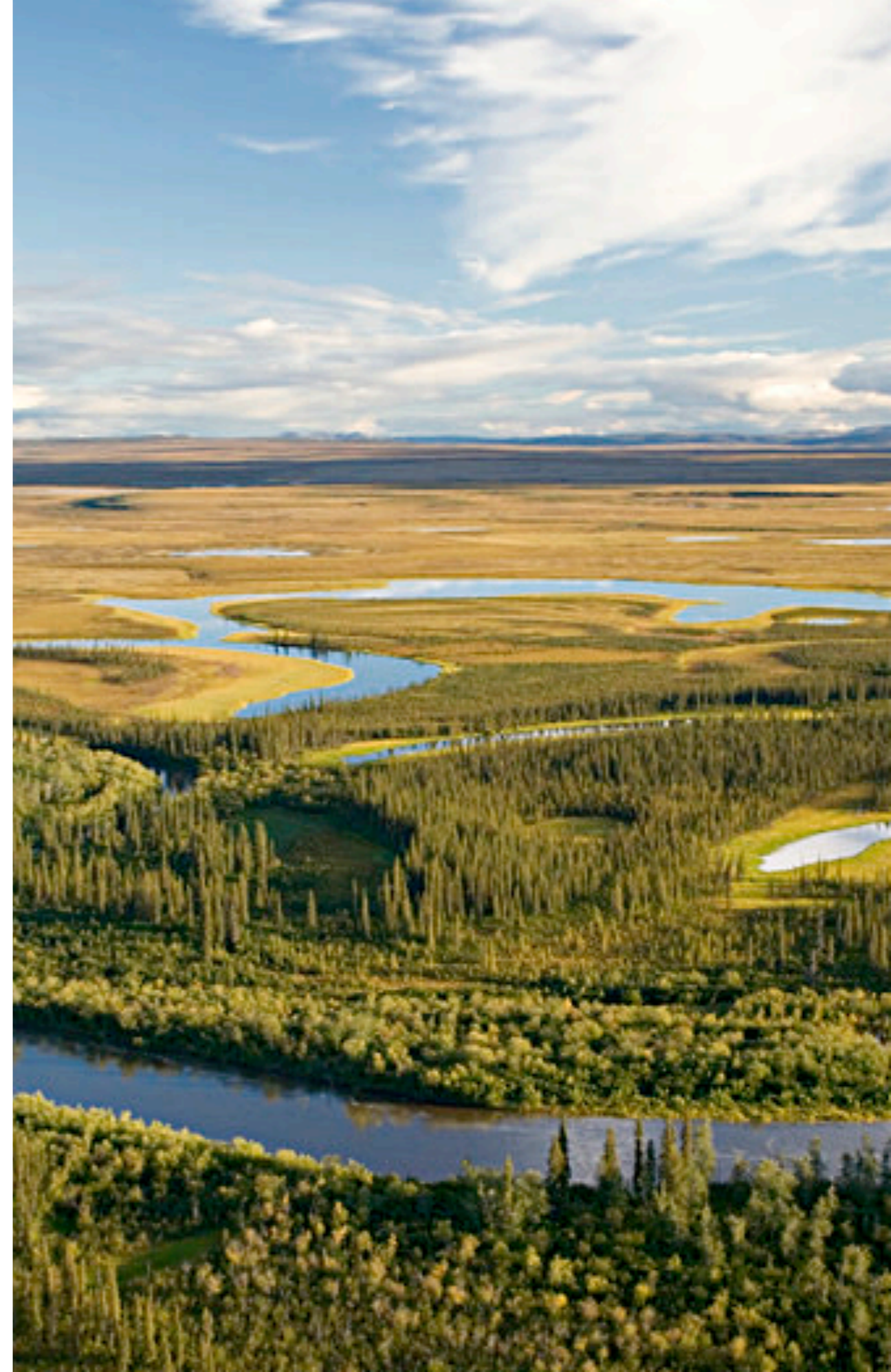
## **Services to Alaskans**

- Employment services
- Unemployment insurance
- Adult basic education
- Job training
- Workers' compensation adjudication and rehabilitation services
- Administers Fishermen's and Second Injury Funds
- Vocational rehabilitation for people with disabilities

## **Associated Entities**

- Alaska Workforce Investment Board
- Workers' Compensation Appeals Commission
- Alaska Vocational Technical Center

*Tundra near Selawik*  
[Creative Commons](#)







Construction cranes, [Creative Commons](#)

### 2016 Budget Notes

As we work toward generating new revenue through increased natural resource development, we must remain committed to hiring locally. We've asked the leaders of the Department of Labor and Workforce Development, the University of Alaska, and Department of Education to look at postsecondary education holistically. This includes the postsecondary education commission, regional technical centers, Alaska vocational technical centers, and the University's community campuses. Using these assets efficiently ensures access to education and training. We expect to develop a plan in 2016.

### Alaska Department of Labor and Workforce Development

#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$29,170	\$179,538
FY 15 Budget	\$33,448	\$185,307
Amount Changed (\$)	-\$4,278	-\$5,769
Amount Changed (%)	-12.8%	-3.1%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## **Mission and Core Services**

Responsible for ensuring safe communities in part through the prosecution and conviction of criminal offenders. The department serves as legal advisor to grand juries and represents the State in all phases of criminal trial and appellate proceedings. It provides legal assistance to State and local law enforcement, the Department of Corrections and the Division of Juvenile Justice. It also works in partnership with executive, legislative, and judicial agencies by providing legal advice and representing the State in all actions to which it is a party.

Such actions include protecting Alaska's children and youth by handling child abuse, neglect, and delinquency cases; resolving questions of State versus federal control of natural resources; ensuring that the State receives its correct share of oil and gas taxes and royalties; collecting money owed to the State by businesses and individuals for child support, fines, and other unpaid obligations; and defending the State against claims for personal injury and other damages. The department has 14 sections and has offices in Juneau, Anchorage, Fairbanks, Bethel, Kenai, Palmer, and Nome.

## **Divisions**

- Civil: Handles legal matters for and provides legal advice to the Governor, executive branch agencies, legislative and judicial branches; reviews regulations prepared by executive agencies; drafts legislation for introduction by the Governor; and reviews all legislation before it is acted upon by the Governor.
- Criminal: Works to assure safe and healthy communities by prosecuting and convicting criminal offenders throughout Alaska.

*Dimond Court Building, Juneau*  
[State of Alaska](#)





DEPARTMENT OF  
**LAW**

Rabinowitz Courthouse, Fairbanks, [Wikimedia Commons](#)

**2016 Budget Notes**

Criminal justice is an area where we want to see several departments combine services. Corrections, Public Safety, Law, the court and public defender systems must work together to reduce costs and keep Alaskans safe and avoid the need to build another prison.



**FY 16 BUDGET SUMMARY (in thousands)**

	General Funds	All Funds
FY 16 Endorsed Budget	\$54,162	\$88,444
FY 15 Budget	\$61,275	\$95,401
Amount Changed (\$)	-\$7,113	-\$6,958
Amount Changed (%)	-11.6%	-7.3%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## Mission and Core Services

The Department of Military and Veterans Affairs is responsible for the Alaska Army and Air National Guard, the Division of Homeland Security and Emergency Management, the Office of Veterans Affairs, the Alaska Military Youth Academy, and the Alaska State Defense Force and Alaska Naval Militia. The Commissioner serves as The Adjutant General of the State of Alaska and exercises day to day command over the Alaska National Guard comprised of approximately 4,000 Army and Air Guardsmen.

## Strategic Missions

- Protect lives and property from terrorism and all other hazards.
- Provide rapid recovery from all disasters through the Division of Homeland Security and Emergency Management.
- Manage the Alaska Military Youth Academy, an accredited special purpose school offering the ChalleNGe program to high school dropouts.
- Provide interactive activities to elementary school students in aviation, science, technology, engineering, math, and space exploration through the STARBASE program.
- Serve as an advocate on issues affecting Alaska's veteran population.

*Alaska National Guard responding to a wildfire*  
[Creative Commons](#)





Alaska Air National Guard helicopter, Cook Inlet, [Wikimedia Commons](#)

### 2016 Budget Notes

We thank the men and women who serve in the Alaska National Guard with honor and integrity. An independent special investigator has been appointed to examine the allegations of sexual assault, misconduct, and cover-up in the Alaska National Guard. We look forward to reestablishing the Guard's reputation for excellence and integrity. A significant portion of the proposed General Fund budget reduction is due to the retooling of the Alaska Aerospace Development Corporation.

Alaska Department of Military & Veterans Affairs		
FY 16 BUDGET SUMMARY (in thousands)		
	General Funds	All Funds
FY 16 Endorsed Budget	\$18,046	\$62,531
FY 15 Budget	\$24,817	\$60,337
Amount Changed (\$)	-\$6,771	\$2,193
Amount Changed (%)	-27.3%	3.6%

[Department Website](#) NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

Manages the majority of State-owned land, water and natural resources, except fish and game. These resources include approximately 100 million acres of uplands; 60 million acres of tidelands, shore lands, and submerged lands; and 40,000 miles of coastline. The department serves the state from offices located in 30 Alaska communities.

### **Strategic Missions**

- Responsible development of Alaska's resources to benefit public interest
- Foster responsible commercial development, use of State land, natural resources
- Provide access to State lands for public and private use, settlement, recreation
- Providing comprehensive fire protection, encouraging an agriculture industry

### **Management Responsibilities**

- The two largest oil and gas fields in North America
- Park system that contains one-third of the nation's state park lands
- State lakes hold 40% of the nation's fresh water
- Fire suppression for over 134 million acres
- Forest resource management in three state forests totaling over 2 million acres
- Mineral management involving 47,412 mining claims
- Agricultural program serves approximately 700 farms
- Comprehensive archive of indigenous plant materials
- Geologic sample archive representing 13 million feet of oil and gas exploration and production drilling, and 450,000 feet of mineral exploration core drilling

*Brown bear, Katmai National Park*  
[Wikimedia Commons](#)





Offshore drilling in the Beaufort Sea, [Wikimedia Commons](#)

### 2016 Budget Notes

We will focus on value-added job opportunities with the extraction of our natural resources, and work to attract the next wave of independent oil companies. We will also begin building the Alaska gasline. It will be done with Alaska hire to the maximum extent allowed under the law, and it will comply with Alaska's constitutional mandate that our resources be developed for the maximum use and benefit of Alaskans.



### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$85,890	\$175,146
FY 15 Budget	\$88,073	\$178,330
Amount Changed (\$)	-\$2,183	-\$3,185
Amount Changed (%)	-2.5%	-1.8%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

The mission of the Department of Public Safety is to ensure public safety and enforce fish and wildlife laws.

### **Services to Communities**

- Enforcement of criminal and fish and wildlife protection laws
- Fire and life safety
- Search and rescue
- Highway safety
- Providing forensic crime laboratory services to law enforcement statewide
- Certifying police proficiency
- Providing basic police academy and specialized training to municipal and State law enforcement agencies
- Oversight of the Village Public Safety Officer Program
- Assisting victims of domestic violence and sexual assault

*Alaska Highway mile 1337*  
[Wikimedia Commons](#)







Alaska State Trooper car, [Creative Commons](#)

### 2016 Budget Notes

Criminal justice is an area where we want to see several departments combine services. Corrections, Public Safety, Law, the court and public defender systems must work together to reduce costs and keep Alaskans safe and avoid the need to build another prison.



#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$167,523	\$199,336
FY 15 Budget	\$171,553	\$206,581
Amount Changed (\$)	-\$4,030	-\$7,246
Amount Changed (%)	-2.3%	-3.5%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

### **Mission and Core Services**

- Administers and enforces tax and charitable gaming laws.
- Collects, invests, and manages State funds and public employee pension trust funds.
- Administers the Permanent Fund Dividend, Shared Taxes, and Child Support Services programs.
- Administers licensing programs mandated by statute.
- Issues State general obligation, revenue and lease debt; and authorizes certain agency debt.

### **Associated Entities**

- Alaska Permanent Fund Corporation
- Alaska Housing Finance Corporation
- Alaska Housing Capital Corporation
- Alaska Municipal Bond Bank Authority
- Alaska Mental Health Trust Authority
- Alaska Retirement Management Board
- Alaska Natural Gas Development Authority
- Alaska Gasline Development Corporation
- Northern Tobacco Securitization Corporation
- State Bond Committee

*Pipeline crosses the tundra*  
[Wikimedia Commons](#)





Alaska Airlines aircraft in Barrow, [Wikimedia Commons](#)

### 2016 Budget Notes

In 2014, the State earned more than \$8 billion in investment income. We're exploring ways to safely put the State's wealth to work, without jeopardizing or spending the underlying financial assets. We need to make sure our money works as hard as we do.



#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$30,882	\$402,561
FY 15 Budget	\$33,832	\$376,051
Amount Changed (\$)	-\$2,950	\$26,510
Amount Changed (%)	-8.7%	7.0%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## Mission and Core Services

Responsible for the planning, research, design, construction, maintenance, operation, and protection of all State transportation systems and many public facilities. This includes 255 State-owned airports and seaplane bases, 5,619 miles of State roads, 720 buildings ranging from maintenance shops to State office complexes, and 25 harbor facilities.

In addition, the department owns and operates the Alaska Marine Highway System, serving 33 Alaskan communities, Bellingham, WA, and Prince Rupert, BC with a fleet of 11 ships. The department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities of approximately 8,200 light- and heavy-duty vehicles and attachments for State departments, agencies, and offices.

## Divisions

- Administrative Services Division
- Alaska Marine Highway System
- Aviation & Airports
- Civil Rights/Disadvantaged Business Enterprises
- Office of the Commissioner
- Design and Engineering Services
- Fairbanks International Airport
- Maintenance & Operations: Roads & Airports
- Measurement Standards & Commercial Vehicle Enforcement
- Program Development
- State Equipment Fleet
- Ted Stevens Anchorage International Airport

*Alaska Marine Highway ferry Malaspina*  
[Wikimedia Commons](#)





Fairbanks International Airport Terminal, [Wikimedia Commons](#)

### 2016 Budget Notes

An Administrative Order has been issued to stop all discretionary spending on six mega-projects: Ambler Mining District, the Juneau Access Road, the Susitna-Watana Hydro Project, the Knik Arm Bridge, the Alaska Stand Alone Pipeline; and the Kodiak Launch Complex. This gives us the opportunity to evaluate each project to decide whether continuing is in the best long-term interest of the State.



#### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$267,825	\$628,257
FY 15 Budget	\$278,605	\$629,037
Amount Changed (\$)	-\$10,780	-\$780
Amount Changed (%)	-3.9%	-0.1%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.

## Mission and Core Services

The UA system's largest hubs, UA Anchorage, UA Fairbanks and UA Southeast, are separately accredited institutions, as is Prince William Sound Community College in Valdez. System-wide, nearly 35,000 full and part-time students are enrolled, studying among 500 unique degree, certificate or endorsement programs.

Study areas include short-course workforce training, associate degrees, bachelors and master's degrees, as well as doctorates. Programs include the sciences, engineering, teacher and early childhood education, business, journalism and communications, aviation, health occupations, history, English, the arts and humanities and others.

Per the Alaska Constitution, an 11-member Board of Regents governs the University of Alaska system. The system president serves as the Board's chief executive officer. Chancellors for each of the hubs—UAA, UAF, and UAS—report to the president.

*Cuddy Hall, University of Alaska Anchorage*  
[Wikimedia Commons](#)





*University of Alaska Fairbanks, State of Alaska*

## 2016 Budget Notes

The United States will chair the Arctic Council. Alaska is the only Arctic state, and we must take a leading policy role. We have set aside \$500,000 for work on our Arctic policy. We will work with the Alaska Arctic Policy Commission and University of Alaska Fairbanks' Center for Arctic Policy to vigorously advocate for Alaska's interests as the council addresses Arctic transportation and navigation, tribal issues, climate change, telecommunications, and public/private partnerships for Arctic development.

## University of Alaska System

### FY 16 BUDGET SUMMARY (in thousands)

	General Funds	All Funds
FY 16 Endorsed Budget	\$361,250	\$925,932
FY 15 Budget	\$370,600	\$924,864
Amount Changed (\$)	-\$9,350	\$1,069
Amount Changed (%)	-2,5%	0.1%

[Department Website](#)

NOTE General Funds is a subset of the All funds total. Other funding sources would be represented by subtracting General Funds from All funds.



4

## IN CONCLUSION

Those who say Alaska's finest days are behind us are looking the wrong direction.

So many of Alaska's most significant accomplishments have come in the face of adversity. When we are resilient and work together, we can overcome difficulties and prosper, as we have so many times before.

There is power in who we are and where we live. We persevere, we work hard, and we dare to achieve, despite the challenges at hand.



Some of us are here by birth and many others by choice. Whether your family has been here five years, five generations, or five millennia, we are all Alaskans.

It is time we once again go to work, side by side, focusing not on party lines, but on Alaska's bottom line. It will be tough, and we may not always agree. Pulling together, we can make Alaska a better place for our children, grandchildren and great-grandchildren.

Thank you for taking the time to review the information in this book. We hope it is useful understanding the situation we face. We encourage you to take the [Voices for Vision Budget Survey](#) and look forward to hearing your ideas on how to improve our State government.

Join us in creating a prosperous future that puts Alaskans first!



*Governor Bill Walker  
Lt. Governor Byron Mallott*

*Iditarod Dog Team  
[Wikimedia Commons](#)*



# Glossary

Following are definitions for terms used in this book. For a more complete list of budget terms, please refer to the Office of Management and Budget [glossary](#).

**Appropriation** Statutory authorization to spend a specific amount of money for a stated purpose. Appropriations are often subdivided into allocations in the appropriations bill. Funds may not be spent without an appropriation made by law.

**Budget** A plan for allocating financial resources.

**Capital budget** A plan for the distribution of State financial resources for items which have an anticipated life that exceeds one year and which usually cost at least \$25,000. Capital budget appropriations lapse only if funds remain after the project is completed.

**Constitutional Budget Reserve Fund (CBRF)** Article IX, Section 17 of the Alaska Constitution, which became effective on January 2, 1991, established the CBRF as a separate fund in the State treasury, provided for deposit of proceeds of certain tax and mineral revenue

disputes into the CBRF, established limitations on the Legislature's ability to appropriate money from the fund, and required that sums withdrawn from the fund be repaid.

**Designated general fund** Includes all non-federal, non-other fund codes that are designated for a specific purpose by statute. The Legislature traditionally complies with designations, but may use these funds for any purpose at any time.

**Federal Fund** Funds received from the federal government to support State programs or projects. The Legislature appropriates federal funds along with other state funds.

**Fiscal Year (FY)** The period of time over which the State budgets and accounts for funds. The State fiscal year begins on July 1 each year and ends on June 30 of the following year.

*Forget-me-nots*

[Wikimedia Commons](#)

**Formula funds** Funds with certain eligibility standards which provides that any person, group or place meeting those standards may receive a given level of benefits. The standards and benefits must be based in statute and/or regulations.

**General funds** The general fund is the State's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund. General funds are the overall category of non-federal funding sources that include General Fund Match, General Fund, General Fund/Program Receipts, and General Fund/Mental Health.

**Non-formula funds** Funds not linked to statutory formula programs.

**Operating budget** A plan for the yearly distribution of State resources for the ongoing operations of State programs. Operating budget appropriations are made for one fiscal year and any unexpended or unobligated funds lapse, i.e., revert to

the fund from which they were appropriated, at the end of the fiscal year.

**Permanent fund** A constitutionally established permanent fund managed by a State-owned corporation, the Alaska Permanent Fund Corporation (APFC). The fund was established in Alaska in 1976 by Article 9, Section 15 of the Alaska State Constitution under Governor Jay Hammond.

**Revenue** A state's annual income from which public expenses are met.

**Statutory Budget Reserve (SBR)** A savings fund consisting of appropriations of excess money received by the State.

**Unrestricted general funds** Revenue accruing to the State which has not been appropriated by the Legislature for a specific program. The revenue is credited to a fund and may be used for any purpose permitted by the fund.

*Forget-me-nots*  
[Wikimedia Commons](#)





*Flag of Alaska, [Wikimedia Commons](#)  
Book design and creation by [Steve Nelson](#), 2015*