

Focus on the FY 2002 Budget:

Governor Knowles' Jobs and Families Budget

Released December 15, 2000

This budget meets four primary goals established by the governor:

- Maintain at least the existing level of services and the progress achieved to date in child protection, quality education and other major improvements;
- Make additional strategic investments in education, early development, public health and protection of the public;
- Restore the level of permitting and other services to business and industry to a level that actively supports economic development including the gas line; and
- Ensure that all state dollars are spent in the most cost-effective manner possible.

The total budget from all fund sources will be \$7.2 billion, \$286 million more than FY2001.

Investments will fund the largest share of the total budget at 33%. Most of this will be appropriated for Permanent Fund inflation-proofing and dividends -- \$1.9 billion or \$52 million more than this year.

- Federal funds will also be at about \$2.0 billion or roughly \$122 million more than this year.

The general fund increase over FY2001 will be \$145 million. The major elements are:

- \$28.5 million for increased debt service payments from the general fund.
- \$52.1 million in other costs to maintain the existing level of services and address critical backlogs in areas such as development permitting.
- \$3.5 million to fight TB, hepatitis C, arctic contaminants, food borne illness and other serious public health problems.
- \$14.1 million for protecting the public's safety -- criminal justice, child and senior protection, emergency services and alcohol.
- \$14 million for quality education from child care through K-12 and the university. (\$5 million for university labor costs is included above in the cost of maintaining current services.)
- \$2.5 million to provide staff for the Pioneer and Veterans Homes
- \$1.4 million for the Court System
- \$27.8 million to bring the general fund capital budget up from this year's unusually low level of \$73.1 million.

The Constitutional Budget Reserve draw will be approximately \$530 million if oil prices average \$24.28 per barrel as projected in the Fall 2000 Forecast.

- The unpredictability of the draw is illustrated by the fact that when the FY2000 budget was presented last December, it appeared that the draw would be about \$500 million based on oil price projections of \$20.11.

- Instead, the Fall Forecast for FY2001 now predicts a surplus of about \$120 million if oil prices average \$30.17 over the entire fiscal year.

Even with the governor's proposed increase for FY2002, state general fund spending in today's dollars will be \$1,695 less per Alaskan than in FY1979, the last pre-oil boom year.

The complete Governor's Budget Summary is available on the web at:

www.gov.state.ak.us/omb/akomb.htm

The web site includes:

- budget overviews and summaries of Governor Knowles' FY2002 initiatives
- all appropriation bills (operating, capital and mental health)
- narrative and financial summaries at department and lower budget levels
- listings and descriptions of all capital projects
- performance measures
- notes on fiscal issues