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S t a t e o f A l a s k a



GOVERNOR MURKOWSKI'S  
FY2004 BUDGET AND  
INVESTMENT PLAN

Department Budget Overviews

Office of Management and Budget  
*March 5, 2003*

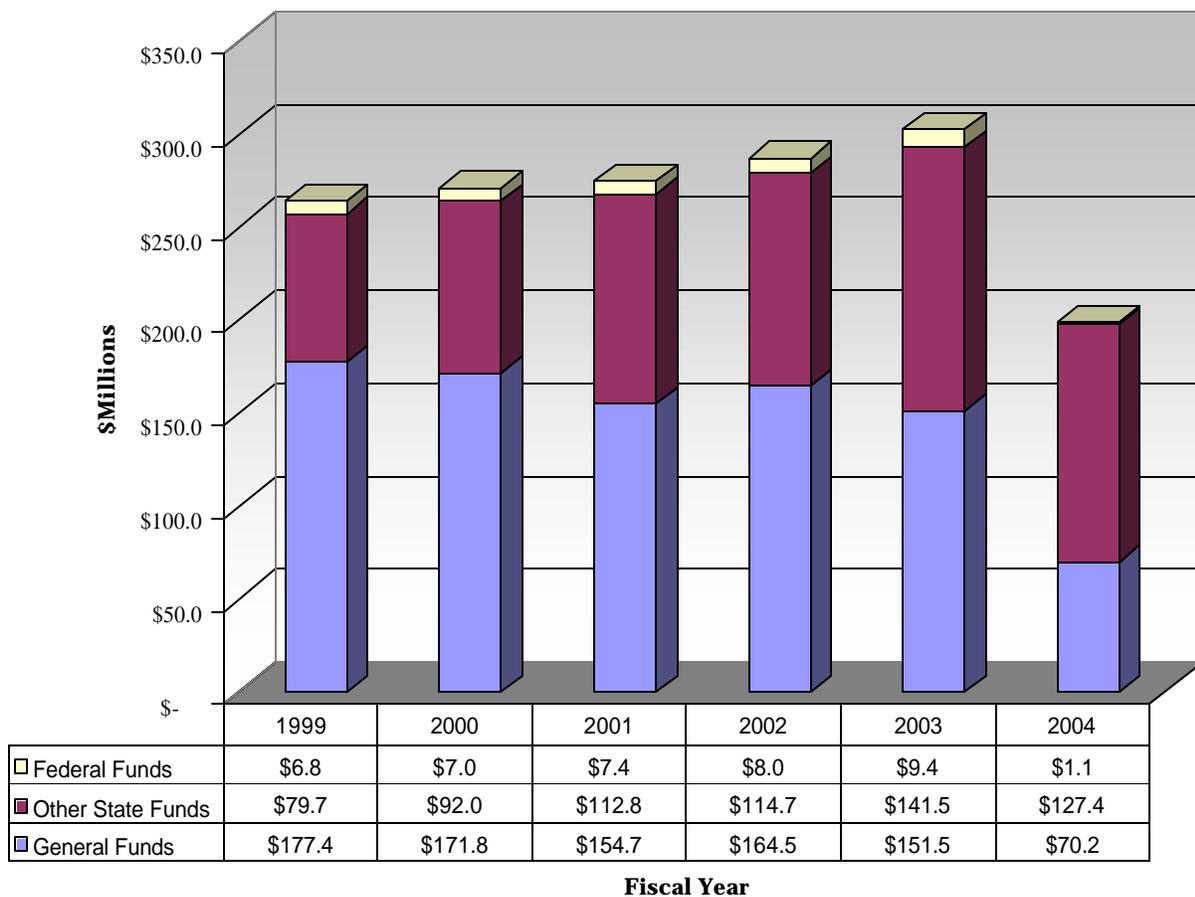
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# Department of Administration

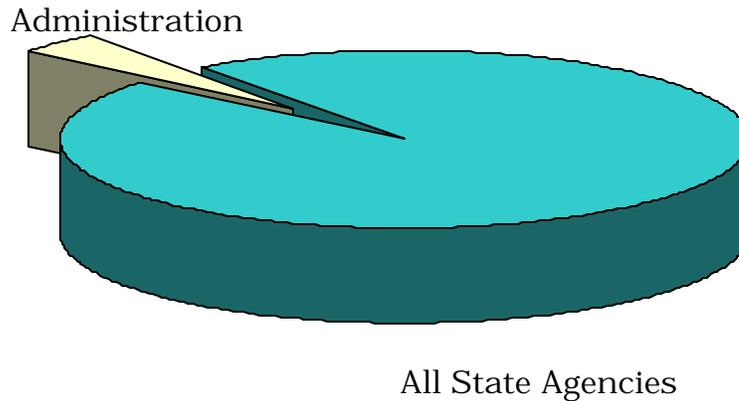
## About the Department

- Provides centralized management and technology services to state agencies;
- Provides legal and advocacy services for indigent Alaskans through the Public Defender and Office of Public Advocacy programs;
- Provides vehicle licensing and registration through the Division of Motor Vehicles.
- Protects the public interest in oil and gas resources through the Alaska Oil & Gas Conservation Commission

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

A \$2.2 million savings in internal program operations is included in the FY 04 budget. This includes:

- \$1.2 million savings in leases and building maintenance
- \$300,000 savings in Personnel and Labor Relations operations
- \$325,000 savings in information services

Another \$2 million savings on procurement activities is budgeted throughout government.

#### *Motor Vehicles*

- A \$495,000 reduction (4.7%) is expected to have a minimal impact on services to the public. Although, this will mean a reduction in staffing, the division is committed to providing the public with a level of service that will minimize any impact to vehicle ownership documentation and driver safety for Alaska's residents. The new DMV will be leaner, but through planned efficiencies and taking advantage of new technologies, it will be successful in providing good customer service delivery.

The division's goal is to minimize the number of customers that must visit local field offices by promotion of the use of web-based interfaces that will bring additional routine services to the personal computer.

The division is working to expand its public/private sector partnerships to make it more convenient and secure for dealerships and their financial institutions to electronically initiate and complete more automobile purchasing transactions via joint data processing. The private sector currently is participating in a number of public service delivery

programs, such as the Third Party Driver Road Test Program, which has been a success and is very popular with the public. This has allowed the trained motor vehicle staff to concentrate on the more complex transactions involving vehicle ownership and accountability. The division recently expanded this effort through a local, nationally sanctioned, motorcycle safety course provider, which is now providing the road examinations for many of the motorcycle endorsements in the Anchorage area. Plans are to expand this approach to other locations.

Through the expanded use of newer digital technology, the division will be able to provide a more secure identification/driver license. In addition, improved written driver testing kiosks will be located at most of DMV's field offices and many of the commission agent locations throughout the state.

#### *Public Broadcasting*

- A continued investment of \$3.2 million in public broadcasting (both radio and television) is proposed for FY 04. In addition, a \$76,000 grant to AIRRES (reading services for the blind) is also proposed to continue in FY 04.

#### *Senior Programs*

- The department manages a number of programs for Alaska's seniors, which include operation of the *Pioneer Homes* and administration of the *Longevity Bonus* grant program. In addition, the department's Division of Senior Services' administers the Medicaid waiver program. Over the years this program has changed to the point that its focus is more aligned with the programs administered by the Department of Health and Social Services (DHSS).

For FY 04, senior programs (as well as the Pioneer Homes) will be transferred to the Department of Health and Social Services. This will better assign responsibility for senior services to a department that can secure funding beyond the state's general fund and current grants. It also aligns the division with social and medical resources necessary to better care for senior Alaskans. This change will have little appearance to those receiving assistance. It will, however, result in opportunities for better financing and coordination management of senior services.

#### *Pioneer Homes*

- The FY 04 budget maintains the current level of services at the Pioneer Homes. The program, however, will be transferred to the Department of Health and Social Services because its mission is more focused on meeting the health and social needs of Alaskans, including those in Pioneer Homes.

The original intent of the Pioneer Home program changed because of a 1992 court decision in which the residency requirement was changed to one year from 15 years. When the Homes began, they were predominantly residential in nature. A gradual change began to occur in the Homes as the population aged (both those in the homes and those on the waiting list) and more services had to be offered to meet the needs of those with various stages of physical and mental disabilities found in aging populations.

The assignment of the program under DHSS aligns it with an agency that can better secure additional funding, such as Federal funds. It also aligns the homes with both social and medical resources necessary to better care for residents.

### *Longevity Bonus*

- A significant change for FY 04 is the proposed elimination of the Longevity Bonus program. Established in 1973, the original program provided a \$100 monthly bonus to those that had been in Alaska for 25 years. The purpose was to recognize those pioneers that had sacrificed a great deal to build our state. During its first year there were 4,753 recipients and the program's total cost was \$2,532,300. As a result of a 1984 lawsuit, the program was opened to anyone over the age of 65 with two years residency (subsequently changed to a one-year residency). The result was a peak of 22,741 eligible Alaskans in 1993, at a program cost of \$66.6 million. In 1994, the Legislature passed legislation phasing out the program with no new applicants after December 31, 1996.

The program's original intent is commendable and the Legislature's goal to slowly wind down the program is admirable. But the program's original purpose is gone and it is now necessary to make the difficult decision to discontinue the program, which will save \$47 million in FY 04. We believe sufficient safety nets are in place through other programs that will protect seniors in most financial need.

### *Public Offices Commission*

- The commission is tasked with ensuring that candidates, lobbyists and their employees, and public officials comply with laws that govern campaign contributions and expenditures, and financial disclosure. The timeliness with which the commission has resolved complaints has lagged and it often takes one to two years between major complaints and commission action, thereby minimizing its effectiveness as a "watch dog." However, its value as a central depository for campaign and financial disclosure records continues.

The FY 04 budget proposes transfer of disclosure function to the Division of Elections by which information will continue to be available to the public via the Internet and print reports. The result is a \$500,000 savings. The Department of Law will enforce violations of disclosure laws.

## Revenue Proposal

- *Vehicle registration fees* are proposed to increase. In 1970, the registration fee for all non-commercial passenger vehicles, truck, and vans was \$30. Currently, trucks and vans pay \$39 per year, while a passenger vehicle pays \$34 (both of which are collected on a biennial basis). Proposed legislation will increase passenger vehicles and pick-up trucks to \$50, tour bus fees to \$150 per year and adds \$10 to all other vehicle registrations. A \$10 increase also is proposed for *title and lien recording fees*, bringing them to \$15. These increased fees are estimated to generate \$10.5 million in additional revenues.

## Key Capital Projects

- Payroll and Accounting Systems Replacement Analysis \$400,000 State Funds
- Labor Contracts Negotiations Support \$250,000 State Funds
- Alaska Land Mobile Radio \$680,000 State Funds

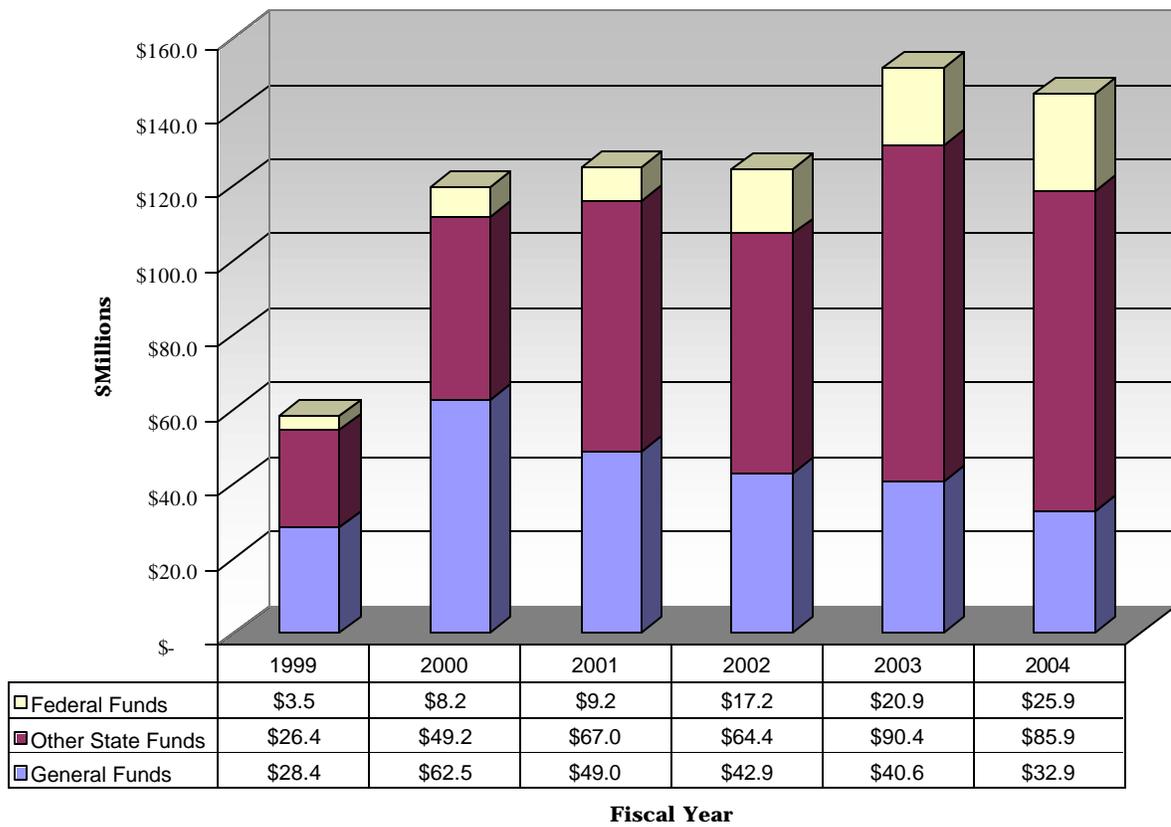
# Department of Community & Economic Development

## Key Programs:

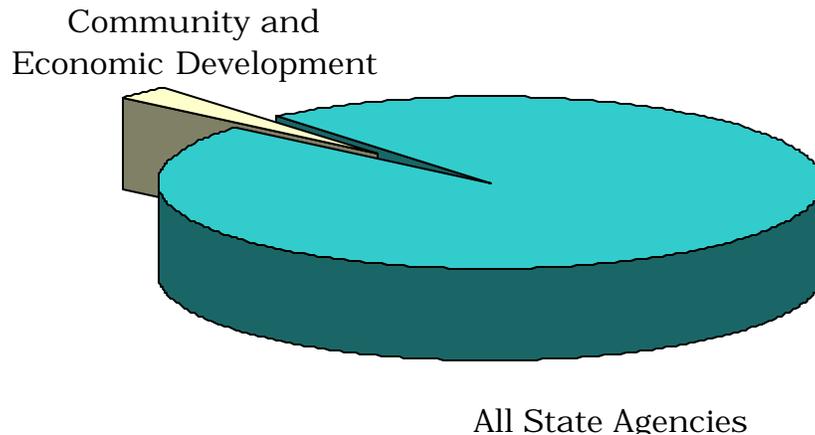
To promote independent sustainable communities and economic development in Alaska, the department works to:

- Strengthen rural communities
- Create new jobs for Alaskans by working with rural communities and the private sector
- Sell Alaska's goods and services throughout the world by marketing Alaska
- Maintain a fair and consistent business regulatory environment in the state through the Regulatory Commission of Alaska

## Department Funding History



## **FY 04 Proposed Budget as a Percentage of Overall Spending**



### **FY 04 Budget Highlights**

#### *Administrative Savings*

- A \$521,000 savings and eight positions will be eliminated as a result of a reorganization. The new organization brings the international trade, tourism, and economic development functions under the leadership of a single director. Specifically, the Division of International Trade and Market Development and the tourism and economic development functions of the Division of Community and Business Development were combined to create the new Division of Trade and Development. The Division of Community & Business Development is renamed the Division of Community Advocacy.
- Another \$126,000 reduction is being realized by changing the schedule for two types of banking examinations that does not impair the integrity of the system examination.
- An additional \$118,000 is being realized by a reduction of two positions in the Division of Banking, Securities, and Corporations.

#### *Revenue Sharing/Safe Communities*

- A 25% reduction for a \$7.4 million savings is proposed for FY 04. These two programs share state revenues with local governments in order to assist them in providing necessary public services to citizens. Just as the state is tightening its belt, it is important that local governments do the same. Local governments will have the opportunity to look to the Federal government and others for potential grants to assist in the delivery of essential services, as well as look to local options to raise additional revenue if necessary.

### *Power Cost Equalization (PCE)*

- The FY 04 budget proposes to continue the same level of funding as the program has this year (\$15.7 million). The PCE program purpose is to reduce the cost of electricity for residential consumers and community facilities in rural Alaska.

### *Alaska Aerospace Development Corporation (AADDC)*

- Addition of \$6.7 million in program-generated receipts from the Federal government's Missile Defense Program is expected in FY 04. AADC promotes aerospace-related economic growth in Alaska and works to develop corresponding technologies and support services. To that end, an additional \$64 million is requested in the FY 04 capital budget for Federal projects associated with use of the state's Kodiak Launch facility.

### *Alaska Science and Technology Foundation (ASTF)*

- The Foundation is proposed for elimination in FY 04. ASTF was created in 1988 with an eventual \$100 million endowment to support grants for technology projects, knowledge projects, group projects, small business innovation research bridging grants, and direct grants to teachers.

ASTF reports that the cost per job created as a result of its technology projects is \$56,000 per job. The cost per grantee that stayed in business is \$300,000. As part of the belt-tightening process, these good ideas are costly and a lower priority.

The FY 04 budget proposes to abolish the foundation. The FY 04 budget also relies on the deposit of the \$87 million remaining in the endowment in the state's general treasury so it is available to fund other priorities.

### *Alaska Seafood Marketing Institute (ASMI)*

- An additional \$2 million in Federal funds is available to assist ASMI in the promotion of worldwide consumption of Alaska seafood through marketing efforts. However, because ASMI is supported by tax revenues paid by the salmon industry, there also is a \$1.6 million decrease in tax revenues expected next fiscal year due to the downturn in the industry's economics.

### *Regulatory Commission of Alaska (RCA)*

- The FY 04 budget proposes elimination of a stand alone Public Advocacy Section (PAS) as part of the RCA and transfers that responsibility to the Department of Law.

The PAS was created in 1999 by the Legislature and is paid for by utility ratepayers at a cost of \$718,500. In spite of this, one of the powers of the Attorney General are those that existed at common law. The Alaska Supreme Court recently described this authority as follows, "Under

common law, the attorney general has the power to bring any action which he thinks necessary to protect the public interest, a broad grant of authority which includes the power to enforce Alaska's statutes."

To allow the Attorney General the ability to carry out this obligation, the responsibility to advocate on behalf of the public in matters that come before the RCA is being transferred from that agency to the Attorney General. This transfer will assure that the authority of the Attorney General to determine and advocate for the public interest in a particular regulatory matter is properly acknowledged and implemented, thereby avoiding duplication of effort and the possible taking of inconsistent positions on behalf of the public. This action will also reduce the cost of public advocacy before the RCA to utility ratepayers.

### **Revenue Proposals**

- Business license fee will increase from \$25 to \$200 per year. The current fee amount was set in 1949 and hasn't since changed. The increased revenue under this proposal, estimated at \$6.9 million, will help cover the programs and other infrastructure the state provides that enable individuals to conduct business in the state. There are currently approximately 70,000 business licenses in the state and some fall-off is expected as a result of the increased fee.

### **Key Capital Projects**

- Rural Internet Access \$7,500,000 Federal
- Community Development Grants \$3,470,000 Federal  
\$150,000 State funds
- Community Block Grants \$6,000,000 Federal
- Rural Utility Preventative maintenance \$300,000 State funds
- Diesel Efficiency and Alternative Energy Program \$250,000 State funds
- Federal Energy Projects \$35,000,000 Federal
- Kodiak Launch Site Infrastructure \$64,000,000 Federal
- Southeast Conference – Southeast Intertie Planning and Organization \$160,000 State funds
- Inter-Island Ferry Authority \$250,000 State funds

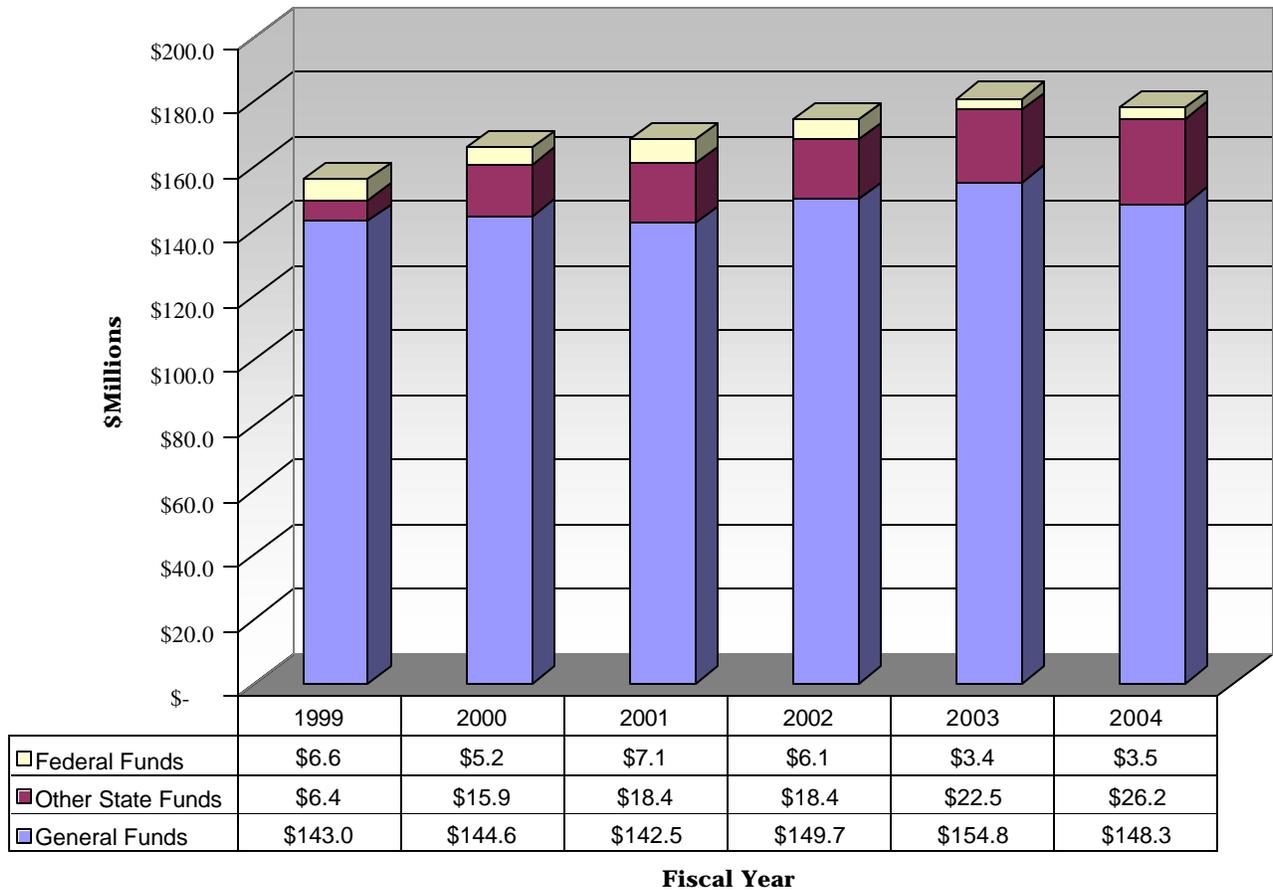
# Department of Corrections

## About the Department

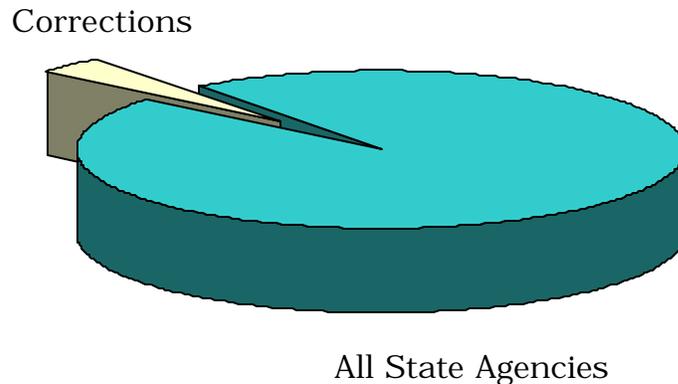
The department is charged with protecting the public by encouraging offender rehabilitation through humane, safe, and cost-effective containment and supervision. It does this by:

- Managing offenders in a manner that protects the public's safety
- Providing programs that facilitate successful re-entry of offenders into communities.

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

- \$730,000 is targeted for savings in the day-to-day management of the system.

#### *Inmate Programs*

- *Sex offender treatment programs* will be re-focused. History has demonstrated that the current sex offender treatment program at Hiland Mountain/Meadow Creek Correctional Center is ineffective and costly. Over five years the Meadow Creek program identified 199 inmates as treatable, but only 38 completed the program at a cost of \$421,000 per year.

Residential treatment would be focused on the remaining program at Lemon Creek Correctional Center. This will have the added benefit of making treatment available to offenders of all custody levels, not just medium and minimum, as is the case at Hiland Mountain/Meadow Creek. In addition, a polygraph testing program will be developed to strengthen compliance by released sex offenders under supervision in the community, as is the practice in 35 states.

- *Substance abuse treatment* in the correctional centers currently is through short-term group and individual counseling programs. The effectiveness of these programs when compared to long-term residential substance abuse treatment is questionable given the estimated 60-80 percent rate of recidivism for program participants. Alternative approaches and partnerships will be pursued. The department has initiated developing a relationship with the "Wellness Warriors" program to offer faith-based and secular substance abuse programs to Alaska

Native inmates. In addition, twelve-step programs that are led by volunteers from the community will be expanded (at no cost). In addition, grant funds will be sought to expand more effective long-term programs.

The two residential substance abuse treatment programs at Hiland Mountain/Meadow Creek and Wildwood Correctional Center will remain. These long-term intensive treatment programs, while fairly new, show promise.

These two program changes will result in a savings of \$1.6 million.

### **Inmate Health Care**

A total of \$1.6 million in savings is proposed in FY 04 based on the following changes:

The department has implemented a procedural change in the booking process to pursue payment for vendor provided medical services from the offenders' insurance company.

- Providing a different standard of care for sentenced and un-sentenced prisoners will result in a \$200,000 savings. Currently there has been no difference in the standard of care offered to prisoners serving two-week sentences and prisoners serving 20-year sentences. The effect is short-term prisoners present themselves with medical conditions that may have plagued them for months for which they have not sought treatment. To date, medical staff would have treated them. Starting in this current fiscal year, the policy will be to provide emergency care only for short-term prisoners.
- Equipping the new Anchorage Jail with a medical segregation unit will result in a \$755,000 savings. Currently offenders requiring long-term care or are in recovery are kept at local hospitals with department personnel as security escorts. This alternative will save money on security, as well as medical costs.

### **Key Capital Projects**

- Deferred Maintenance, Renewal and Replacement, Renovation and Repairs \$2,000,000 State Funds
- Correctional Institutions Roof Repairs \$1,455,000 State Funds
- Correctional Institutions Water Systems Repairs and Replacement \$450,000 State Funds

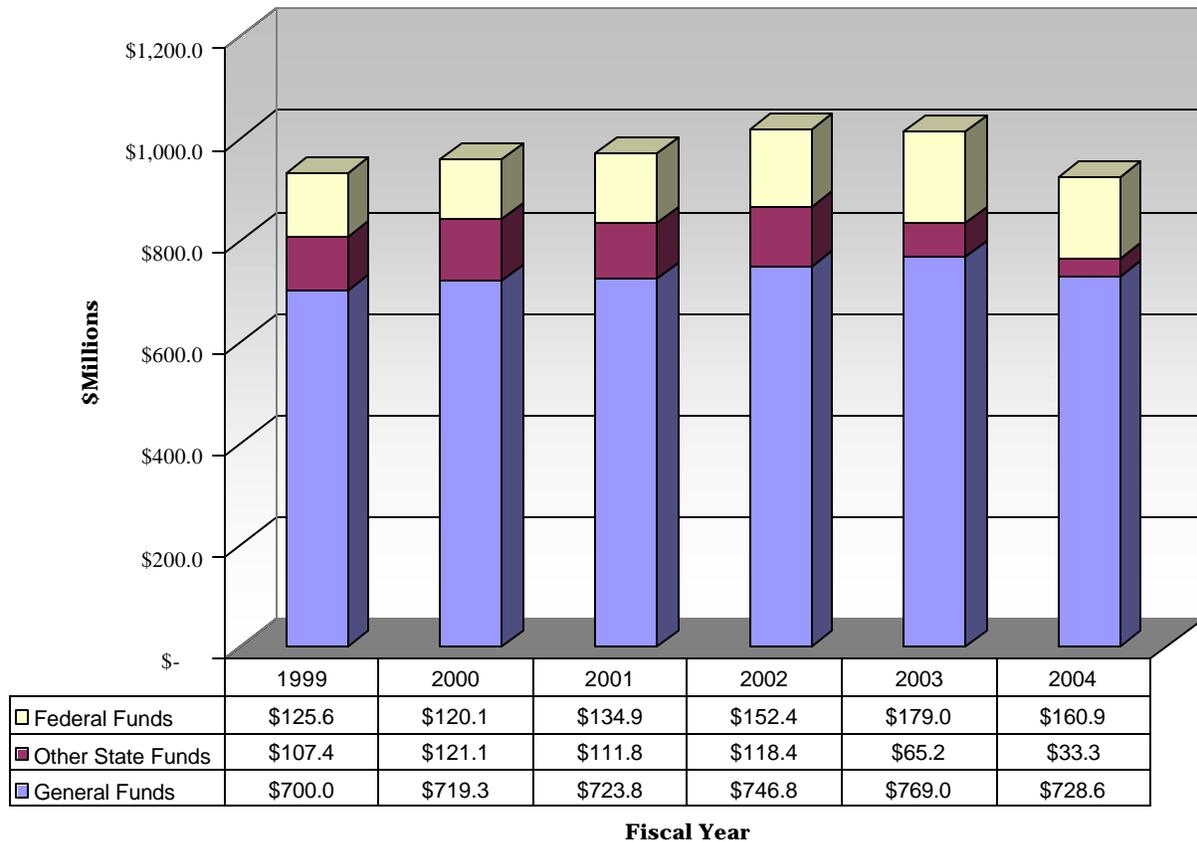
# Department of Education and Early Development

## About the Department

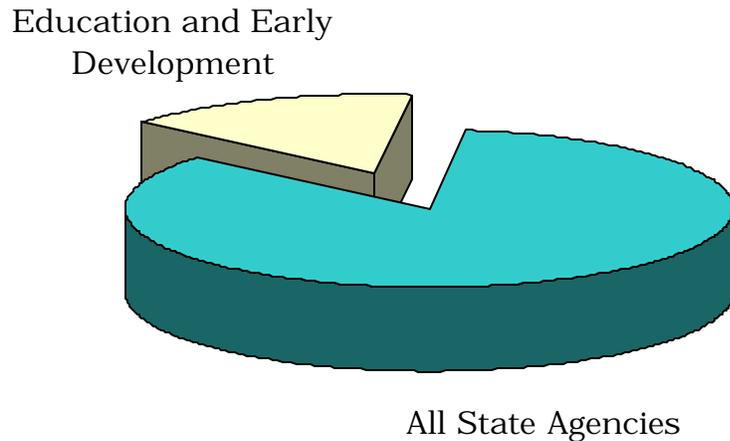
The department's mission is to support the development of lifelong learners. It does this by having:

- High quality early care and education programs that improve the well being of young children;
- Clear, rigorous, credible student standards and assessments;
- Credible system of academic and fiscal accountability;
- Highly qualified school professionals; and
- Schools in which students, staff, families, business, and communities are active partners in learning

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

- \$595,000 in savings is proposed due to streamlined administrative processes and reduced technical support to department programs.

#### *Funding for Schools*

- *Education Formula* is fully funded in the proposed FY 04 budget. A \$4 million savings is anticipated based on student enrollment and a change in the required local effort and impact aid. The total FY 04 education formula will provide nearly \$670 million in funding to school districts around the state.
- *Alyeska Central School*, a centralized correspondence school program will be eliminated, resulting in a \$1.2 million savings and deletion of 48 positions. A state-run program is a duplication of other correspondence programs that are run by various school districts around the state. The state will continue to fund students that elect correspondence study through these other schools.
- *Learning Opportunity Grants (LOGS)* funding will be funded at \$20 million, which is a \$10 million drop from the supplemental amount approved by the Legislature last session. This funding is in addition to the education formula.
- *Pupil Transportation* funding will be reimbursed at 80% of the current year level, resulting in a savings of \$10.7 million (\$43.2 million will be distributed to schools in FY 04 under the proposed budget). Currently

state law provides that the state will reimburse districts for 100% of their cost (48 of Alaska's 53 districts provide pupil transportation services). This program's cost has grown from \$25 million in FY 90 to an estimated cost of \$58 million in FY 04, for a 136% increase. There is no incentive for school districts to actively reduce or limit the growth in this program.

- *School Debt Reimbursement* will be prorated based on 90% of the amount due schools, resulting in a \$6.6 million savings to the state.
- *Community Schools* program is proposed for elimination, resulting in a \$500,000 savings.

*Archives, Museum, and Libraries*

- A \$312,000 savings, out of a combined general fund budget of \$5.4 million, is proposed from these three programs. Every effort will be made to maximize the savings from internal management in order to continue services to the public. Initial impacts indicate some reduced public access to the State Archives and reduced staff (four positions) and supplies from the state library. A \$29,000 savings from museum operations may result in reduced traveling and temporary exhibits, as well as an adjustment in winter hours.

**Program Changes**

- Child Care Assistance and Licensing is transferred to the Department of Health and Social Services
- Alaska State Community Service Commission is transferred to the Department of Community and Economic Development
- Alaska Vocational Training Education Center is transferred to the Department of Labor and Workforce Development
- Alaska youth Initiative and Out-of-State Placement programs are transferred to the Department of Health and Social Services

**Key Capital Projects**

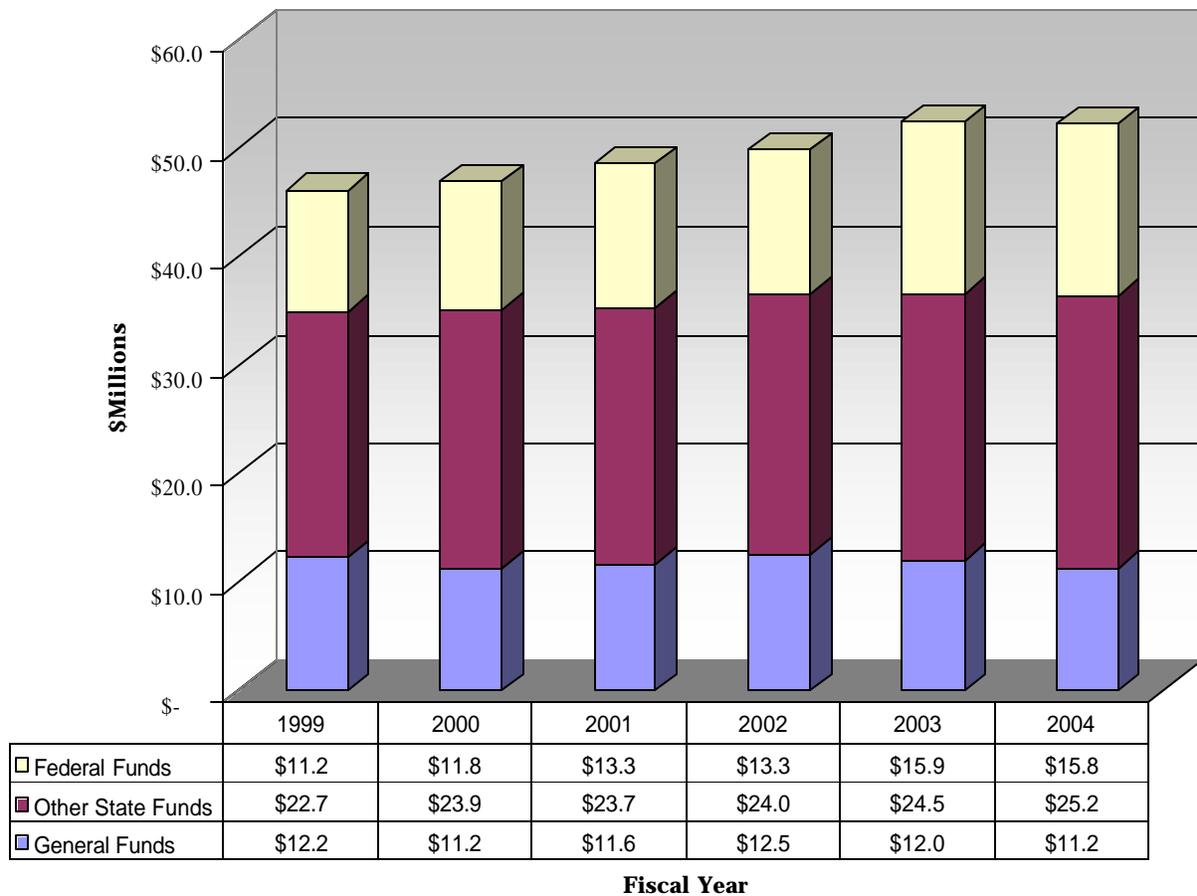
- Mt. Edgecumbe High School Exterior Renovation—boy's dormitory, girl's dormitory, dining kitchen hall \$1,000,000 ASLC Dividend
- Yuut Elitnaurviat People's Learning Center-phase 1 construction for Bethel vocational training center \$1,000,000 ASLC Dividend

# Department of Environmental Conservation

## Key Programs

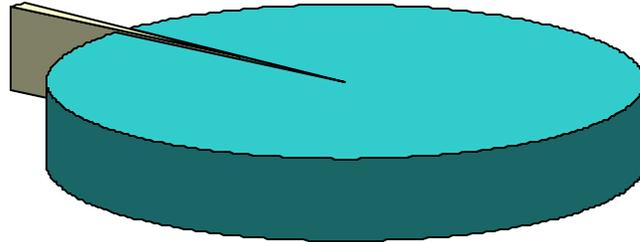
The department's mission is to protect human health and the environment. It does this by ensuring compliance with standards for clean air, clean water, clean land, safe food, safe handling of oil and chemicals, safe public facilities, and pollution prevention.

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending

Environmental  
Conservation



All State Agencies

### FY 04 Budget Highlights

#### *Administrative Savings*

- \$183,000 savings will result from the merging of two divisions—the Division of Administrative Services and Statewide Public Services, resulting in the deletion of four positions.

#### *Air and Water Permit Programs*

The following will contribute to the department's efforts to improve resource development permitting:

- Air Permits: An increase of \$880,000 in Clean Air Protection Funds is added to \$1.5 million in Federal funds, \$530,000 in state funds, and an existing \$2.8 million in Clean Air Protection Funds to execute a major reform to the existing air permitting program that will:
  - Provide for more timely issuance of permits;
  - Establish more predictable and reliable expectations for both the operator and department; and
  - Establish clear performance standards that allow operator flexibility on how to comply with permit requirements and focus department resources on field inspections to verify permit compliance.
- Wastewater Permits: An additional \$490,000 in Federal funds will allow the department to:
  - Reduce review time for permit approvals, increase field inspections and compliance monitoring;
  - Automate permitting and online compliance reporting by permittees; and
  - Improve permit production and record keeping.

### *Food Safety Standards*

- A \$513,300 savings will be achieved by re-focusing the department's efforts in enforcing food safety standards. In keeping with legislative direction to reduce the FY 2004 operating budget for food inspections, the department is proposing to revise the state's food safety program for restaurants, food markets and temporary food services. The department is taking a fresh look at ways to effectively implement food safety standards in Alaska's diverse and geographically dispersed communities.

This proposal will change the current regulatory regime for the state's food safety program, which relies too heavily on the few department food inspectors who serve as the only line of defense for public health protection. Elements of the revised program will include on-line training and certification to assure food service personnel have a working knowledge of food safety standards and ready access to pertinent information on food handling and preparation procedures. Under this proposal the department will maintain statewide food safety standards and investigate complaints. The department will also continue to provide program delegations to local governments wanting to implement a food inspection program that at a minimum provides an equivalent level of protection as provided under AS 17.20.

### *State Chemistry Lab Closure*

- A \$334,000 savings and the elimination of eight fulltime jobs will result from closing the state Chemistry Lab located in Juneau. Currently it certifies private laboratories to conduct chemical analysis of drinking water and soil analysis for underground storage tanks. It also provides assistance during contaminated site investigations and certifies private laboratories. The proposed budget relocates two staff to DEC's offices to perform private lab certification and a contract will be initiated with another state-owned laboratory approved by EPA for chemical analysis to perform any needed analytical work.

### *Eliminate Oxygenated Fuel Program and Tax Credit*

- Anchorage has been the only community with carbon monoxide (CO) air pollution problems. Since the majority of air pollution is caused by vehicle exhaust, the state has required fuel distributors to use cleaner burning oxygenated fuels during high-risk air pollution periods. The state tax rate on fuel blended with ethanol is six cents a gallon less than the tax on other motor fuels.

Oxygenated fuels are most effective in reducing CO emissions from older model cars. There is no benefit from these fuels on the emissions from 1994 and newer model vehicles. With almost seven years since the last

CO violation in Anchorage and the larger number of newer model cars, the department believes it is possible to drop the oxygenated fuel requirement and still maintain the standard.

The result is a \$80,000 savings and an additional \$2.5 million in revenue due to eliminating the tax credit.

## Key Capital Projects

- Village Safe Water \$62,848,000 Federal  
\$20,951,200 State Funds  
\$83,799,200 Total
- Municipal Water, Sewer and Solid Waste Matching Grants \$6,708,800 Federal  
\$17,168,400 State Funds  
\$23,877,200 Total
- Defending Alaska Primacy of the Alaska Alaska Air Permit Program \$150,000 State Funds
- Seafood and Food Safety Lab Replacement \$14,285,000 State Funds
- Pre-harvest Geoduck PSP Testing \$250,000 State Funds
- Assessment of Health Risks from Use of Diesel Fuel in Rural Alaska \$768,300 Federal
- Statewide Contaminated Sites Cleanup \$5,000,000 State Funds

# Department of Fish & Game

## About the Department

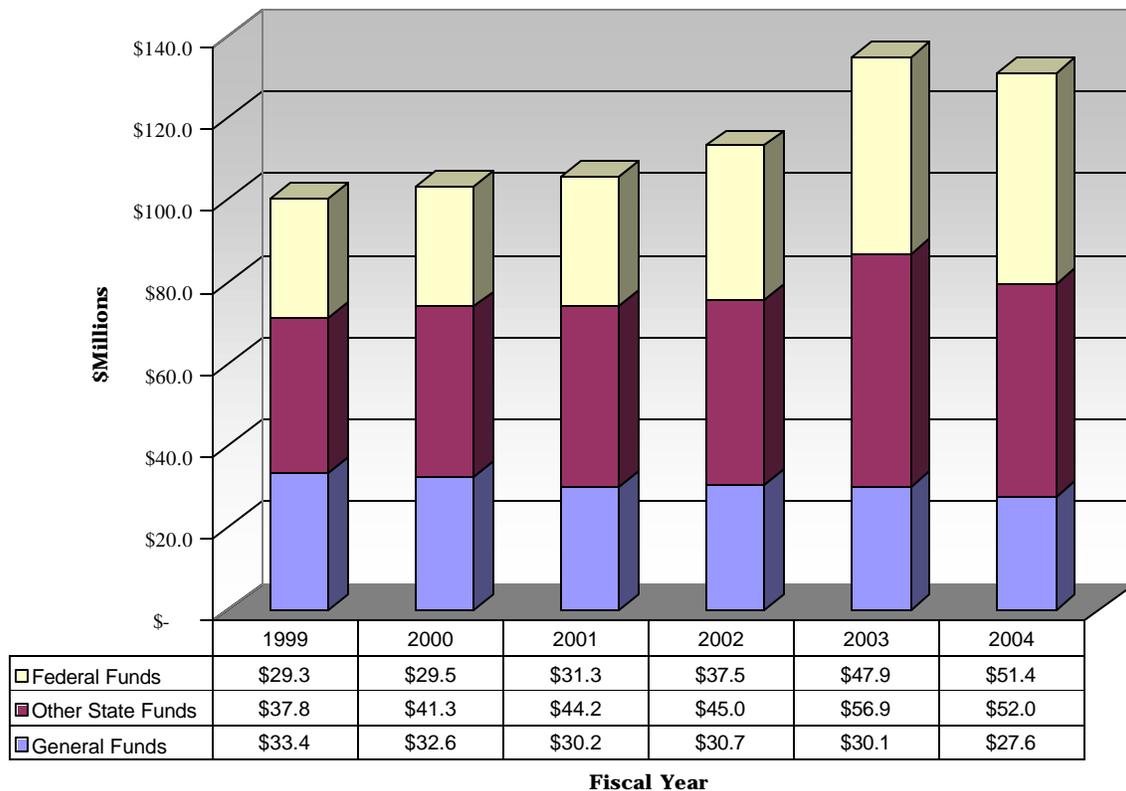
The department protects, maintains, and improves the fish, game, and aquatic plant resources of the state. It manages their use and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

It does this through four major divisions:

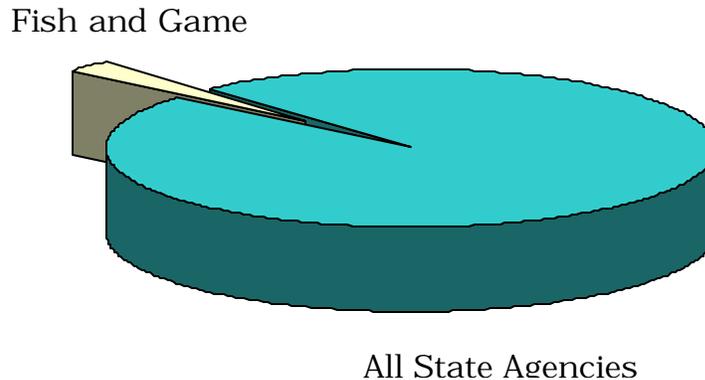
- Sport Fish
- Commercial Fisheries
- Wildlife Conservation
- Subsistence

In addition, the Commercial Fisheries Entry Commission is a quasi-independent agency.

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

- \$200,000 in savings is proposed in administrative support to the Board of Fisheries and Game, and other administrative components.

#### *Commercial Fisheries*

- The division's general fund budget will be reduced by \$1,250,000, or approximately 5% of its general funds (its total FY 04 budget after this reduction is \$46.2 million). This reduction will be spread among all four regions, including Southeast, Southcentral, Westward, and Arctic-Yukon-Kuskokwim (AYK), as well at the headquarters. The division's core programs will continue under this scenario, but management in specific areas of the state will, by necessity, become more conservative or risk-averse. Where possible, the division will use federal funding to reduce impacts on core programs.

In the event federal funds are not realized to minimize impacts, the following program changes might occur:

- At headquarters, statewide support for the sonar program will be eliminated; biometric support for evaluating harvest strategies and setting sustainable harvest levels on an annual basis for herring, groundfish, and other marine species will be curtailed.
- In Southeast, support for Coho salmon escapement enumeration and shellfish fisheries management and enumeration will be reduced.
- In Southcentral, regional support for coordination of hatchery planning and permitting will be curtailed, some lake fertilization efforts will be

curtailed, salmon sonar programs will be reduced, Bristol Bay salmon smolt projects will be eliminated, and general fishery biologist support for all regional activities will be reduced.

- In the AYK region, general fund reductions will decrease efforts associated with herring fisheries monitoring, commercial salmon fisheries monitoring, and salmon rehabilitation projects.
- In the Westward region, the Bering Sea crab research program will be curtailed and the department will use federal funds for the crab program to accomplish program objectives as effectively as possible.

### *Habitat and Restoration*

- A majority of the Title 16 permitting function of the Division of Habitat and Restoration is being transferred to the Department of Natural Resources (DNR). This new alignment is to strengthen DNR as lead agency in permitting oil, gas, and timber projects in the same way in which DNR has been acting as lead agency for mining permits since 1992. In addition, the Alaska Coastal Management Program is also being updated and moved to DNR.

These changes are designed to change the process, but not the substantive environmental requirements.

Habitat division functions that will remain in the Department of Fish & Game are research, refuge management, and special projects such as the Kachemak Bay Research Reserve. A number of biologists and other positions will transfer to Natural Resources (DNR). This group will act as a office of DNR to interact with the Division of Mining, Land and Water and the Office of Project Management and Permitting, where the DNR large project team will be housed. For most projects it is expected that the two offices will work together to provide the protection that current law require under the Fish and Game Statutes

### **Revenue Proposals**

- *Non-resident Big Game Tag fees* are proposed to increase for certain species. Currently Alaska's tag fees lie between the highest and lowest fees charged by other western states/provinces. The proposal will result in an additional \$536,700 in a full calendar year that will be go into the Fish & Game Fund, the proceeds of which are used to manage wildlife resources.
- A new \$15 "*Wildlife Conservation Pass*" is proposed to be charged to all persons age 16 or older that access public lands or waters through a commercial services provider. This would include cruise ship and bus travel, guided hiking tours, aircraft sightseeing tours, river rafting tours,

and other outdoor activities provided by commercial providers. In addition, persons holding a current resident hunting, fishing, or trapping license would be exempt, as well as airline travel. A “Wildlife Pass” would be provided to each purchaser, identifying them as a contributor to wildlife conservation in Alaska. Estimated full year revenue is \$8 million. Alaska residents will be exempt.

## Key Capital Projects

- Annual and deferred maintenance for offices, equipment, vessel, aircraft and docks. \$1,000,000 State funds
- Warehouse and bunkhouse replacement in Cordova and Bethel – phase 1 \$450,000 State funds
- Kenai River Sonar Site Bunkhouse and Laboratory. \$350,000 State funds
- Waterfowl Conservation and Enhancement Program. \$256,700 State funds
- Sport Fish and Recreational Boating and Non-boating Access Projects. \$1,950,000 Federal funds  
\$650,000 State funds
- Transient Boat Moorage Facilities. \$500,000 Federal funds
- Equipment for Wildlife Conservation Programs. \$100,000 State funds
- Nearshore Marine Research. \$998,000 Federal funds
- Bering Sea Crab Research. \$1,000,000 Federal funds

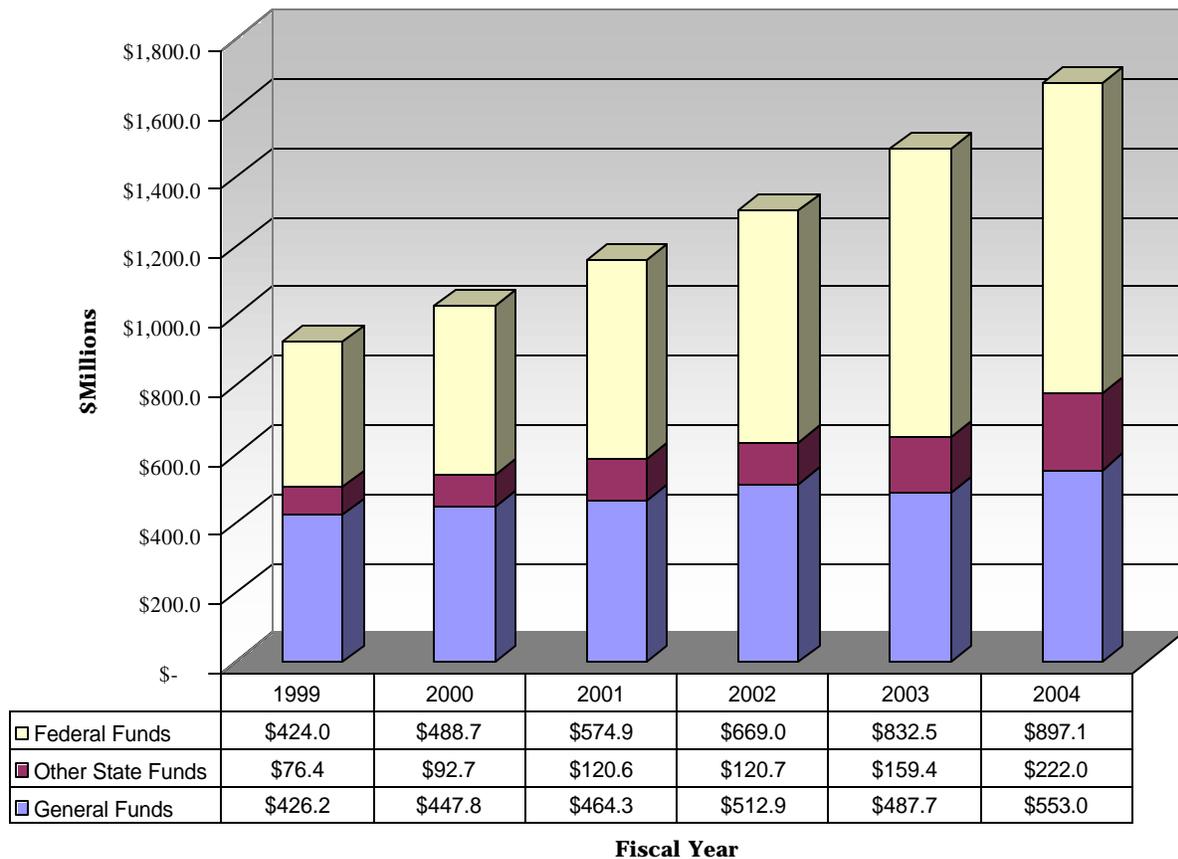
# Department of Health & Social Services

## About the Department

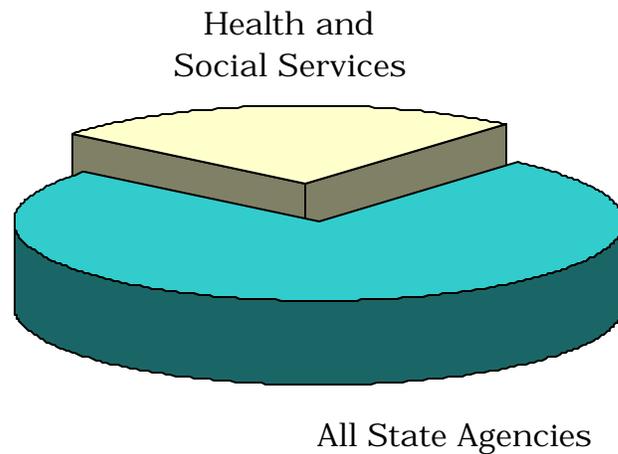
The department's mission is to promote and protect the health and well being of Alaskans. It does this by:

- Helping children and families stay healthy and safe;
- Helping Alaskans live healthier lives and have access to basic health care, resulting in reduced incidences of chronic and preventable disease; and
- Increasing incentives and opportunities for communities to collaborate with the department to improve results for children and families.

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

- Nearly \$3 million will be saved through administrative cuts and the department's reorganization. A total of 23 positions will be deleted related to streamlining processes. In addition, general fund savings can occur by replacing state funds with federal funds. Another 12 positions will be reduced as a result of the reorganization that better aligns missions, goals, responsibility and accountability for a number of the department's programs. Combined divisions will be able to eliminate duplicated positions, resulting in \$400,000 of the \$2.5 million savings.

#### *Formula Programs*

- \$67.2 million in general funds are added to the budget in FY 04 to cover the increases in caseload and other changes in formula-driven programs. This includes:
  - \$4 million for Adult Public Assistance;
  - \$1.2 million for Foster Care
  - \$33.8 million for increased caseload in Medicaid programs
  - \$28.2 million for Medicaid due to the change in percentage of reimbursement by the Federal government (federal legislation has been introduced to return to the higher rate, but passage is uncertain at this time)

#### *Kenai Peninsula Youth Facility*

- The new juvenile justice facility will be ready for full occupancy in FY 04. An additional \$1.5 million has been proposed to fund its operation.

#### *Grant Programs*

- Direct reductions in grants total \$6.3 million. The department's first priority is to maintain core client services that ensure the health and well being of Alaskans. This priority includes grants for services to those experiencing disabilities and substance abuse and mental health

programs. Some state grants to residential providers will be replaced with enhanced Medicaid payments, allowing the state to recapture additional Federal revenues without negatively impacting client services. Advocacy grant funding will be reduced as a result of the Administration's commitment to first protecting client services. Specifics are:

- A \$300,000 savings in a special grant to Alaska Children's Services by changing it to a Medicaid payment; there will be no impact to services;
- A \$1.2 million savings is possible in Developmental Disability grants because this amount has been left over in recent years because grants were not awarded for several years;
- A \$800,000 savings by eliminating Residential Child Care grants for day treatment in order to maintain the higher priority services for residential care for children in state custody;
- A \$1.7 million savings in elimination of grants that support advocacy efforts by mental health and developmental disability programs. This reflects the priority of funding core services;
- A \$400,000 savings by eliminating grants to rural health clinics because Federal funds are now available for this purpose;
- A \$1.3 million savings by eliminating the Human Services Matching Grant program. This program provides a block grant to Anchorage and Fairbanks who in turn, provide grants to non-profit organizations, many of which also receive funding from other state programs.
- A \$600,000 reduction has been made by eliminating all General Community Mental Health grants, which is the lowest priority service outlined in statute. This will allow the program to focus on the most vulnerable population.

#### *Alcohol Program Grants*

- \$3.54 million of the new alcohol tax revenue will be matched with Medicaid to make available a total of \$10 Million to be used to increase alcohol treatment for parents of children in the Division of Family and Youth Services' custody to allow family reunification to occur sooner and to expand treatment options for adolescents in rural areas. Another portion of the new revenues will be used to offset state general fund support for alcohol grants.

#### *Medicaid Re-Financing/Cost Containment*

- A total of \$19 million in savings can be achieved with no impact on services. This is possible by replacing some of the state's share of grant payments with Federal Medicaid dollars through the ProShare program. The grantee will continue to receive the same dollar amount, but it will be a mix of state/federal funds instead of 100% state funds. This mechanism will save:
- \$1.5 million in the state's contribution to community health grants;

- \$2.7 million for alcohol grants;
- \$6.6 million in mental health grants;
- \$5.9 million in developmentally disabled grants;
- \$300,000 in family preservation grants

An additional \$2 million can be saved in payments for Foster Care special needs and developmental disability clients.

- Medicaid Administrative/Eligibility/Fraud changes will result in a \$5.7 million savings.
- Prescription cost-containment in the Medicaid program will result in a \$5.7 million savings. This includes establishing a preferred drug list and expanding prior authorization requirements. These changes will preserve access to necessary prescriptions for eligible clients while ensuring the most clinically effective product is purchased at the best price with priority authorization required for certain costly medications. Medicaid payments to pharmacists will also be revised. These changes include reducing the pharmacy dispensing fee and decreasing the percent of the Average Wholesale Price paid to pharmacists, which will put Alaska's Medicaid reimbursement in line with other state.

### **Program Changes**

- Child Care Assistance and Licensing program is transferred from the Department of Education and Early Development
- Responsibility for the Pioneer Homes and Senior Services programs is being transferred from the Department of Administration

### **Key Capital Projects**

- Child Protection Information System \$1,884,500 Federal funds  
\$1,884,500 State funds

This project may complete the implementation of the system, ORCA, designed to help protect Alaska's children and front line workers while increasing worker productivity.

- Nome Youth Detention Facility \$3,900,000 State funds  
Construction:
- Emergency Medical Services Ambulances \$425,000 State funds  
and Equipment Statewide – Match for  
Code Blue Project

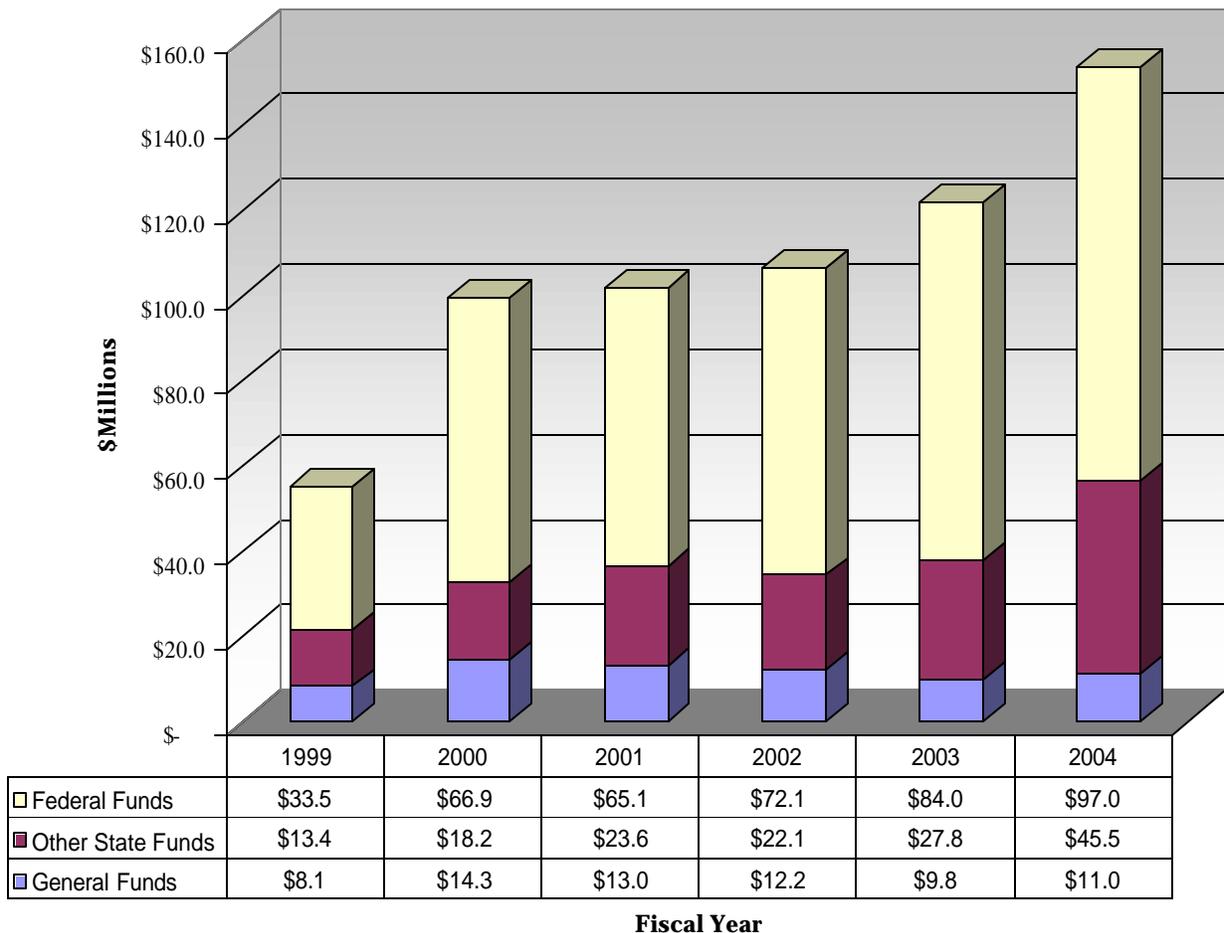
# Department of Labor & Workforce Development

## About the Department

The department promotes safe and legal working conditions and advances opportunities for employment. The department puts Alaskans to work and ensures that Alaskan workers are:

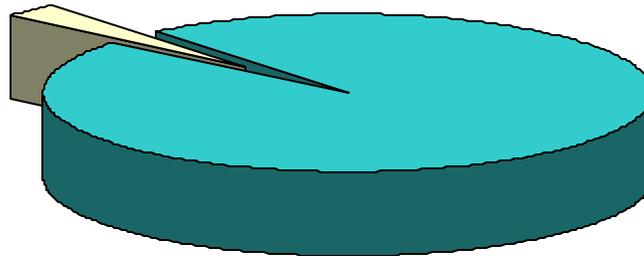
- Provided safe and healthy work places;
- Protected from economic hardship when injured on the job and during loss of employment; and
- Provided wages and overtime pay in accordance with the law.

## Department Funding History



## **FY 04 Proposed Budget as a Percentage of Overall Spending**

Labor and Workforce  
Development



All State Agencies

### **FY 04 Budget Highlights**

#### *Administrative Savings*

- \$960,100 in savings is expected as a result of the streamlining of processes, a reorganization, and charging administrative costs to other funding sources; two positions will be deleted.
- An additional \$67,700 and one position will be saved by changing the certified payroll law that currently requires weekly submission of certified payrolls to the department. Instead, public contract contractors will submit an affidavit of compliance at the beginning and end of a project certifying compliance with prevailing wage laws. Certified payrolls, however, will continue to be filed with the contracting agency. In addition, the contractor at the beginning and end of each public contract will pay a new filing fee of \$100. A total of \$1.2 million in revenue is estimated to be collected.

#### *Adult Basic Education (ABE)*

- \$2.6 million will continue to be available for ABE programs after a 10% reduction in the state's share of funding. Eighty-five percent of the current number of students is expected to be served in basic reading, writing, and math instruction.

#### *Independent Living Center Grants*

- A reduction in the state's share of funds (\$618,800) that are paid as a grant to five Independent Living Centers. The FY 04 budget still includes \$828,900 in Federal and state general funds to these organizations. In

addition to state support, some of the centers also receive additional funding directly from the Federal government, Mental Health Trust, United Way, National Science Foundation, American with Disabilities Act, Medicaid Reimbursement, Community Mental Health Treatment and Rehabilitation programs, and the Older Blind Program.

### **Program Changes**

- Alaska Vocational Technical Education Center (AVTEC) is being transferred from the Department of Education and Early Development. This aligns AVTEC with the department's focus on getting Alaskans trained and placed in the work force.
- Administration of a grant to the Kotzebue Technical Center, reduced to \$800,900 from \$1,100,000, will also be transferred to the department. Efforts will continue to identify other funds for the program as well.

### **Key Capital Projects**

- The Unemployment Insurance Tax System Replacement. \$2,000,000 Federal funds
- Electronic Data Interchange Expansion to the Workers' Compensation Computer System - Phase 2. \$70,000 State funds
- Employment Service Statewide Equipment Replacement. \$500,000 Federal funds

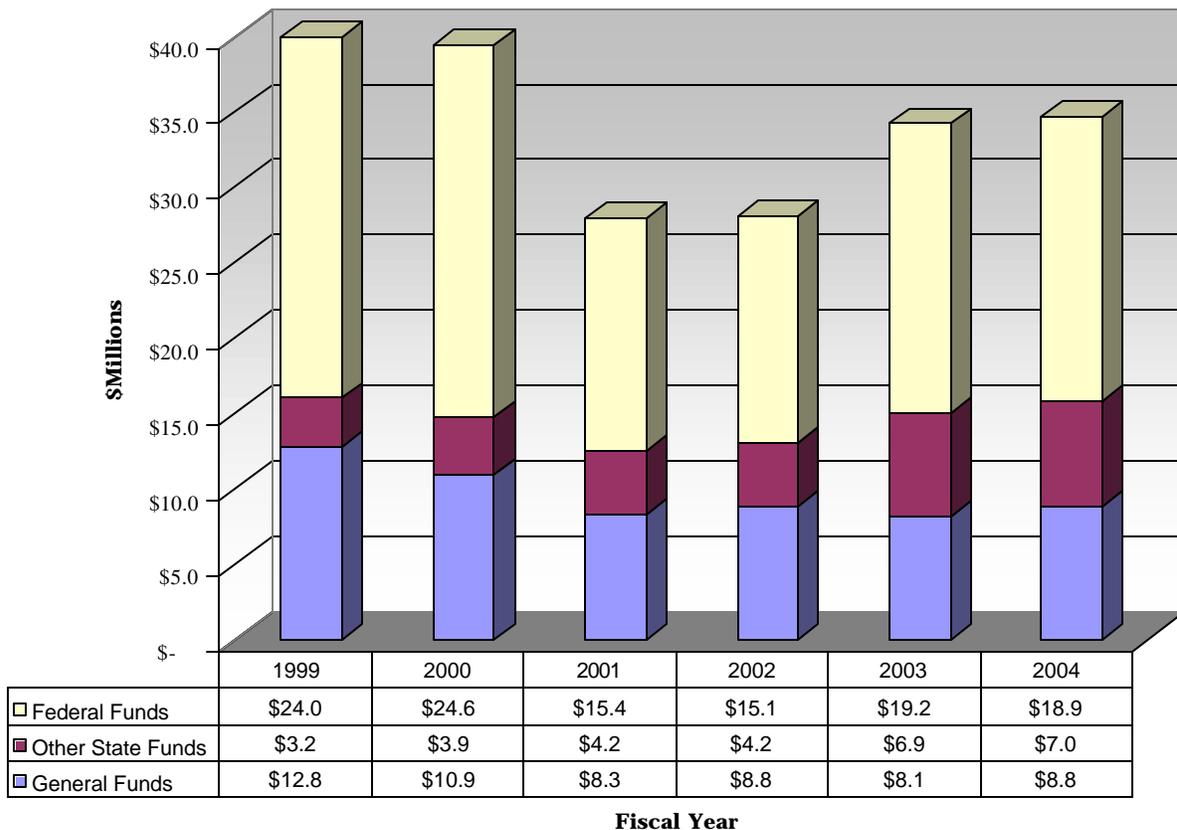
# Department of Military & Veterans Affairs

## About the Department

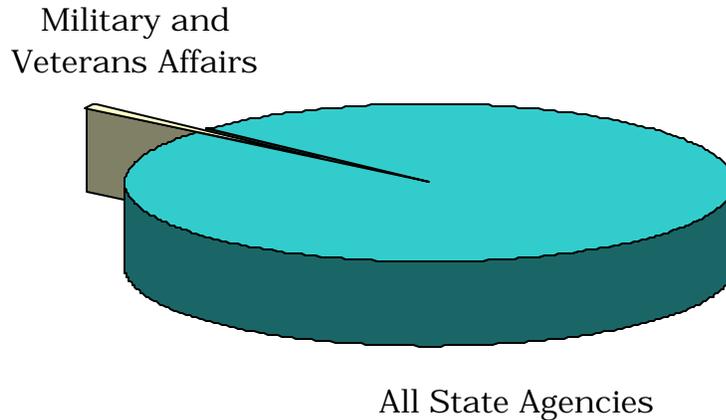
The department provides military forces that are fully prepared to mobilize and accomplish military missions, provide homeland defense, and respond to emergency requirements in the state or around the world. In addition, it also:

- Provides emergency services;
- Trains at-risk juveniles through the Alaska Military Youth Academy;
- Coordinates veteran's assistance and programs; and
- Supports state and Federal agencies in suppressing the use of illegal drugs

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

- A 341,000 savings is proposed that will be covered by general belt-tightening in Army Guard and Air Guard facilities. This will include reduced janitorial services and other maintenance, as well as a reduction of one support-related position with a second support-related position going from full time to part time.

#### *Homeland Security & Emergency Services*

- An increase of \$400,000 is proposed for FY 04 to support the state's homeland security program, which will plan and coordinate Alaska's response to the threat of terrorist attack and to actual attacks should they occur in Alaska or elsewhere in the United States.
- A \$55,000 savings is realized by working with the Alaska State Troopers (AST) and the Rescue Coordination Center (RCC) to enable the *State Emergency Communications Center* (SECC) shift to a daytime operation. Both AST and RCC are located in the same building as the SECC and it's duplicative to have three 24/7 operations. Some SECC staff will be on call after hours and ready to respond in case of an emergency. The department will contract with other agencies to provide phone services after hours.

#### *Alaska Youth Military Academy*

- Under the proposed FY 04 budget, the Academy will get \$569,400 (a \$388,100 increase) through the same funding formula that supports

other K-12 schools. This formula approach, approved by the Legislature last year, will provide greater financial stability and continuity for the program, which serves “at risk” high school students. Two new part-time positions will also be added. One will provide services to students and families in the Fairbanks/North Star Borough, while the other will expand math instruction for all students.

### **Key Capital Projects**

- Army Scout Readiness Center Construction in Kwiglingok, Alakanuk, and Quinhagak \$1,700,000 Federal
- Deferred maintenance on Army and Air Guard facilities \$ 550,000 State  
\$ 310,000 Federal  
\$ 830,000

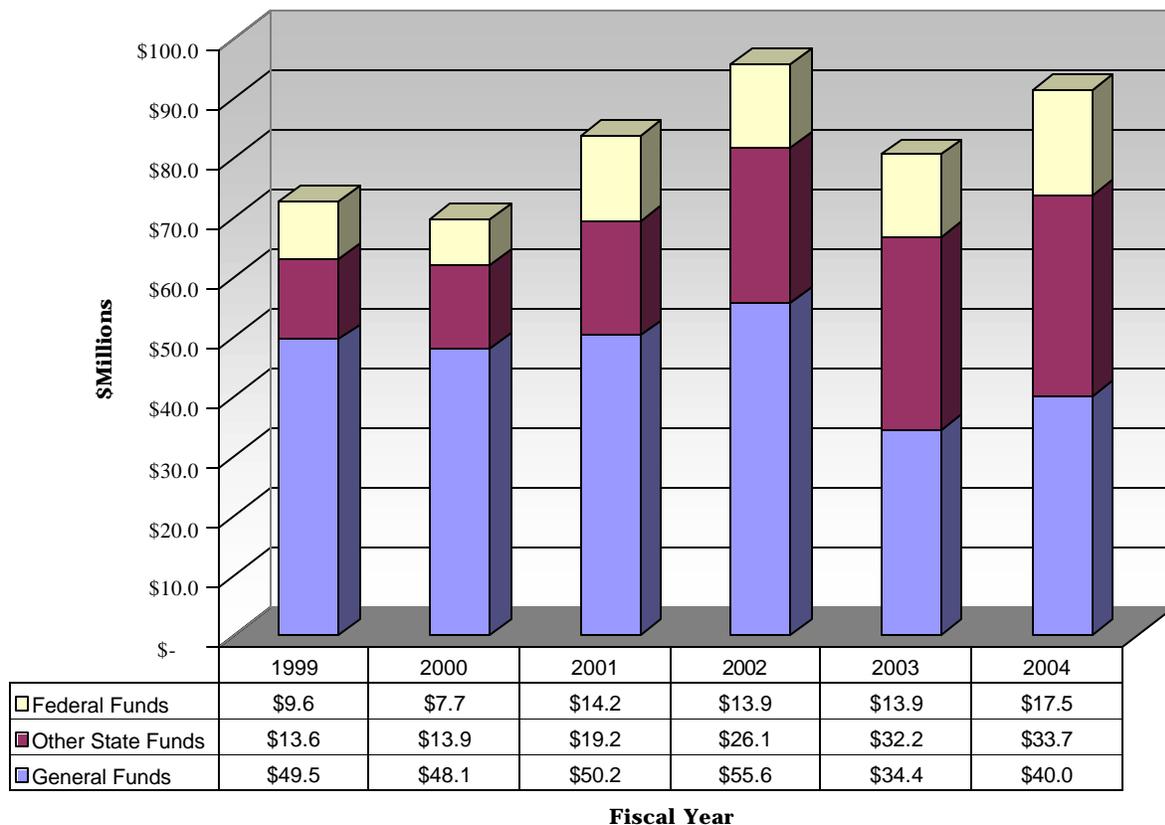
# Department of Natural Resources

## About the Department

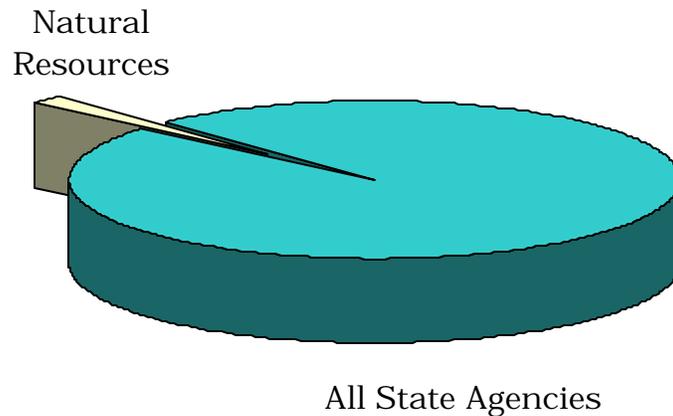
The department's mission is to develop, conserve, and maximize the use of Alaska's natural resources consistent with the public interest. It does this by:

- Encouraging resource development that creates Alaska jobs and ensures economic growth in all regions of the state;
- Ensuring resource development planning, management, and new project approvals are based on sound science, prudent management, and responsive, meaningful public involvement;
- Ensuring resource sustainability and multiple use, including recreational enjoyment of the resource base; and
- Streamlining natural resource leasing, sales, and permitting processes.

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Fire Suppression*

- \$4 million was added to the budget for FY 04 to fully fund the \$6.9 million required to cover the fixed costs of being prepared to suppress fires.

#### *Office of Habitat Management and Permitting*

- A total of 37 employees and \$3.5 million from the Department of Fish & Game's Habitat and Restoration Division is being transferred to DNR. This new alignment will strengthen DNR as lead agency in permitting oil, gas, and timber projects in the same way in which DNR has been acting as lead agency for mining permits since 1992.

In addition, the new *Office of Alaska Coastal Zone Management* is being created which requires the proposed transfer of \$4.3 million and 28 full-time positions from the Division of Governmental Coordination to the department.

These changes are designed to change the process, but not the substantive environmental requirements.

#### *Oil & Gas Development*

- An additional \$340,000 will allow the division to deal with the increased workload from the area wide lease sales, and the shallow gas leasing and exploration licensing programs. This is expected to generate an additional \$8.0 - \$10.0 million in bonus and lease revenues.

- The new Office of Project Management and Permitting has a one-time increase of \$680,000 to facilitate and expedite resource development of large projects by coordinating and streamlining the permitting activities of all state agencies involved in a project.

### *Parks*

- The proposed FY 04 Parks budget is the same as approved for the current fiscal year. However, last year \$330,000 was added in the capital budget that helped keep some parks open. For FY 04, this additional funding is included in the operating budget. At the same time, the division is seriously evaluating how to contract out management of the parks and other cost-savings as a way to keep parks open for Alaskans to enjoy.

### **Revenue Proposals**

- *Recorder's fees* are proposed to increase to \$20 for the first page recorder (from \$15) and \$5 for each additional page (from \$3). These fees are charged to mortgage companies and title companies to register real estate transactions. Each \$1 increase in the first page generates \$220,000. This proposal is estimated to generate \$2.2 million in additional revenue.
- *Uniform Commercial Code (UCC) filing fees* are proposed to increase from the current \$8 per debtor and \$10 per amendment, to a flat fee of \$20 per filing, including any amendments. These fees, which have not been changed since 1991, are paid by finance companies to register liens on personal property, such as mobile homes, airplanes, heavy equipment, etc.). Alaska's UCC fees are less than the national average (ranked 39<sup>th</sup> in the United States). An additional \$100,000 to \$175,000 in revenue is expected.

### **Key Capital Projects**

- Oil & Gas Reservoir Potential for Gas in the Brooks Range Foothills \$50,000 State
- Improve Forest Productivity in Southern Southeast Alaska \$100,000 State
- Oil and Gas Exploration, Development and Permitting project to increase production of domestic oil \$737,700 Federal

- Improving Milk Process Facilities in Milk Shortage States \$5,000,000 Federal
- Navigable Water Assertions to help clear and protect the state's title to certain navigable waters \$188,700 State

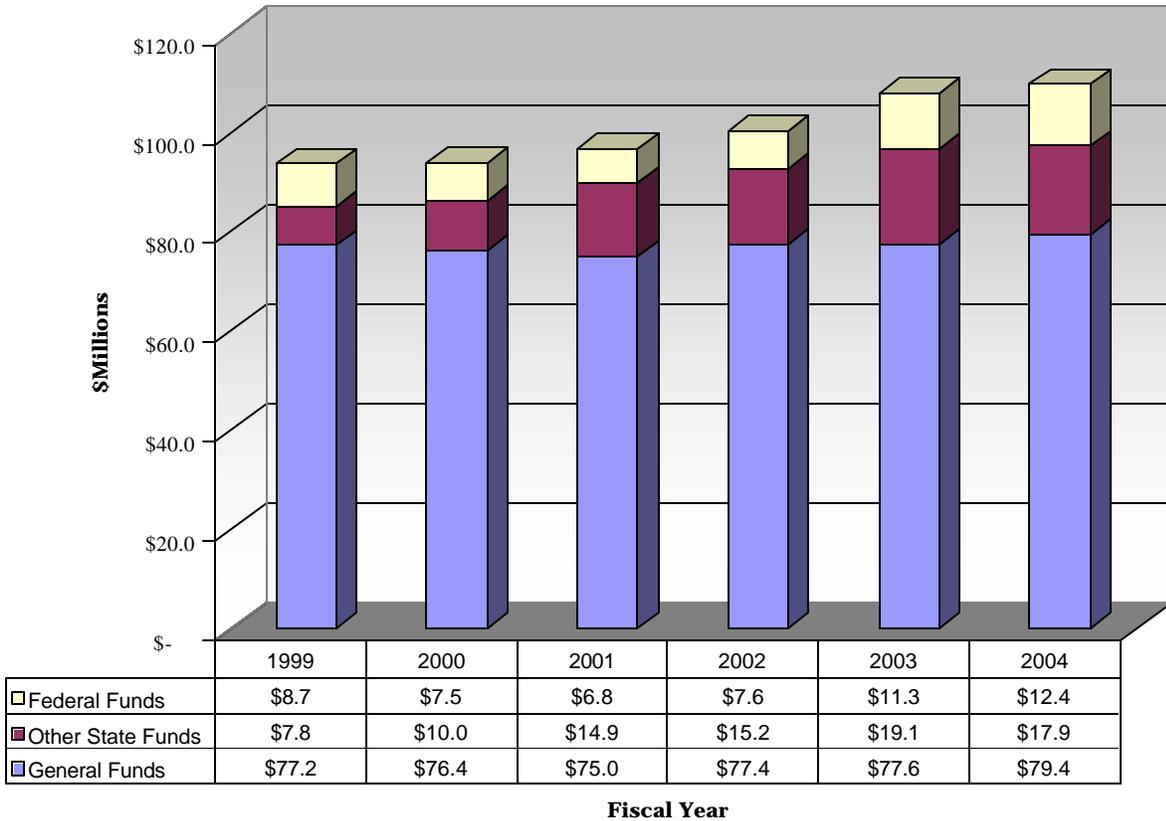
# Department of Public Safety

## About the Department

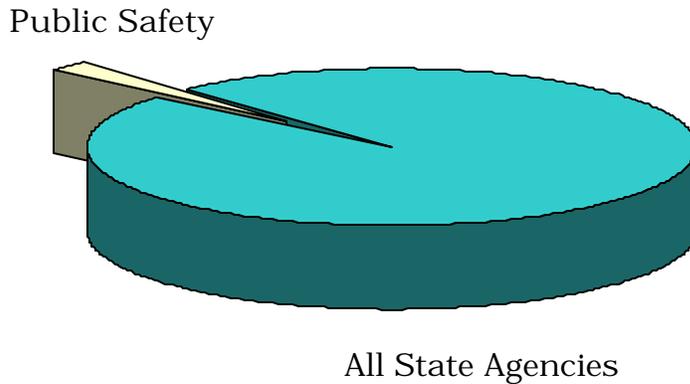
The mission of the department is to ensure public safety and enforce fish and wildlife laws. It does this through three strategies:

- Preserve the public peace, prevent and detect crime, apprehend offenders, protect life and property and Alaska's fish and wildlife resources;
- Provide criminal justice training, information, identification, and forensic services for state and local criminal justice agencies; and
- Protect life and property against fire and explosion.

## Department Funding History



**FY 04 Proposed Budget  
as a Percentage of Overall Spending**



**FY 04 Budget Highlights**

*Administrative Savings*

- A \$459,100 savings will be realized by restructuring administrative functions in the department, reducing the number of trooper transfers in the field, and reducing support to the Fish and Game Boards. A total of four positions will be deleted.

*Aircraft and Vessel Management*

The department currently has 45 aircraft and four marine vessels that serve as its “patrol cars” for public safety and fish and wildlife protection services.

- For FY 04, a \$167,400 savings will be possible due to the sale of nine state-owned and seized aircraft, thereby reducing the number of flying hours and maintenance costs. It will also purchase a Caravan to serve western Alaska and provide improved village responses.
- A \$160,000 savings will be realized by the dry-docking of the P/V Woldstad (currently based out of Kodiak) while the department further evaluates alternatives. The P/V Woldstad requires a propulsion re-fit in FY 04, estimated to cost between \$275,000 to \$400,000. Total shipyard maintenance for the P/V Woldstad could reach \$535,000; its dry-docking avoids these costs at this time.

Dry-docking was seen as a prudent move rather than reducing overall fleet patrols. As fisheries are diminished, Individual Fishing Quota and Community Development Quota fisheries continue to develop, and alternative enforcement tools such as satellite monitoring technologies

are implemented more frequently, patrol requirements for the department's largest vessels may diminish in the future. The department's remaining large vessels will be used to fill in the gaps as a result of this proposal.

- An additional savings of \$61,800 will be realized by the move of P/V Stimson from Dutch Harbor to Kodiak, where infrastructure is already in place to support this vessel. Two trooper positions will remain in Dutch Harbor for shore-side investigations.

#### *Search and Rescue*

- The \$503,000 grant to the *Civil Air Patrol* and \$85,000 for *Avalanche Education* will continue at the same level as this current year.

#### *Alcohol Beverage Control (ABC) Board*

- For FY 04, the Administration proposes moving the ABC Board to this department from the Department of Revenue. The move closely aligns the board's activities in regulating liquor establishments with the department's priority of combating illegal transport of alcohol and related activities.

#### *Council on Domestic Violence and Sexual Assault*

- The Council will face a \$1.5 million shortfall because its current year budget relied on Federal funds from the Department of Health and Social Services that no longer are available. An effort to realign the Council under the Department of Health and Social Services to better capture replacement dollars through other Federal programs was resisted by the Council. The Council is attempting to replace the loss of federal funds with Federal Victims of Crime Act funds. While this may provide some funding for FY 04, it is important to recognize that it is only a temporary solution.

### **Key Capital Projects**

- Aircraft and Vessel Repair and Maintenance \$1,227,400 State Funds
- Fish and Wildlife Law Enforcement Equipment Replacement \$ 750,000 State Funds
- Alaska State Troopers Law Enforcement Equipment Replacement \$ 600,000 State Funds
- Fairbanks Roof Replacement Project \$1,019,100 State Funds

- New Ketchikan Public Safety Building \$2,452,500 State Funds
- APSIN Redesign Project \$8,000,000 Federal
- Marine Fisheries Patrol Improvements \$1,019,100 Federal
- Statewide Illegal Drug and Alcohol Project to Reduce Use of Drugs and Alcohol \$2,000,000 Federal
- Rural Law Enforcement Training and Equipment \$1,500,000 Federal

# Department of Revenue

## About the Department

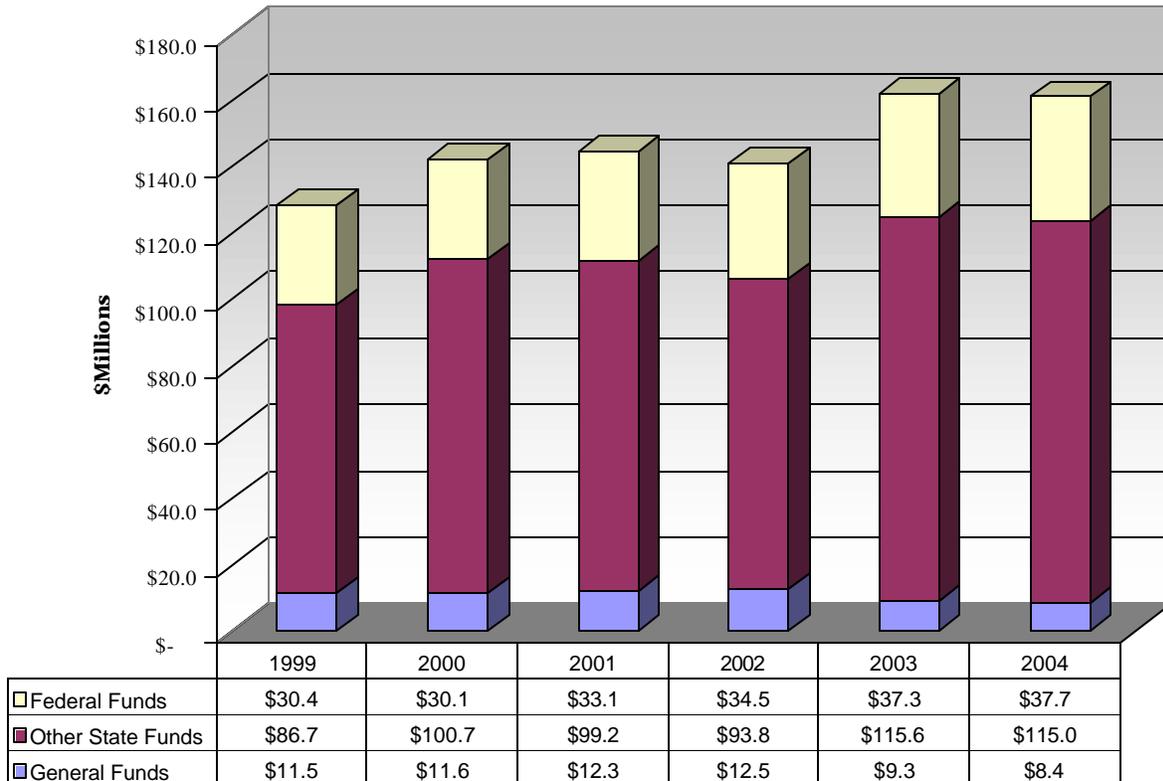
The department's mission is to collect and invest funds for public purposes. It does this through a number of programs and corporations. The department administratively manages these organizations:

- Child Support Enforcement Division
- Treasury Division
- Tax Division
- Permanent Fund Dividend Division.

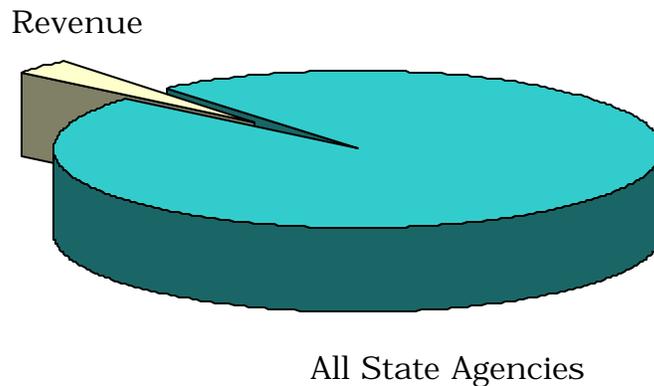
Independent corporations aligned under the department are:

- Municipal Bond Bank Authority
- State Pension Investment Board
- Alaska Mental Health Trust Authority
- Alaska Permanent Fund Corporation
- Alaska Housing Finance Corporation.

## Department Funding History



## FY 04 Proposed Budget as a Percentage of Overall Spending



### FY 04 Budget Highlights

#### *Administrative Savings*

- The FY 04 budget changes focus is on the general fund dollars in the department's divisions. The department is taking a \$100,000 general reduction in the Tax Division that it will achieve by managing day-to-day activities throughout the fiscal year.

#### *Child Support Enforcement*

- A \$153,200 general fund savings is realized out of the division's \$19 million budget by replacing state dollars with additional Federal incentive payments that are expected next year. As a result, no programmatic impact is expected by this fund source change.

#### *Alcohol Beverage Control Board*

- For FY 04, the Administration proposes moving the ABC Board from this department to the Department of Public Safety. The move closely aligns the board's activities in regulating liquor establishments with the Department of Public Safety's priority in combating illegal transport of alcohol and related activities.

### Proposed Revenue

- An increase on the fee on gaming to 5% on the gross revenue from pull-tab operations will be proposed. In 2001 total receipts for these operations exceeded \$273 million a year, from which charities received less than 10%, or \$31 million, and the state collected just over \$2 million. Under this proposal, charities would be held-harmless in terms

of their share of the proceeds, while the state will raise \$11.5 million in the first year.

### Key Capital Projects

• Child Support Enforcement Case File Imaging Project	\$187,410	state
	<u>363,800</u>	federal
	\$551,210	
• Alaska Housing Finance Corporation	\$19,350,000	AHFC
	500,000	MHTAAR
	<u>9,632,500</u>	federal
	\$29,482,500	

These projects include

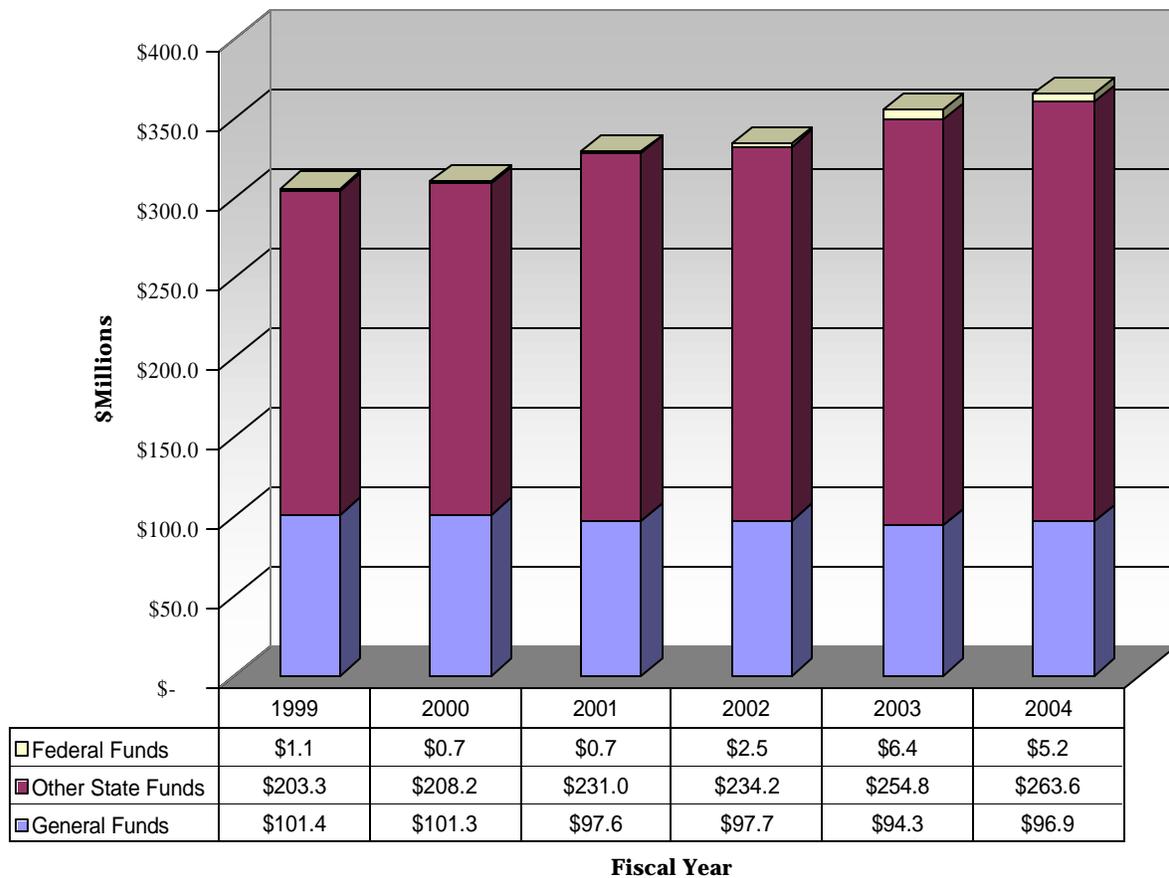
- Low Income Weatherization Program for \$5,800,000 (4,000,000 AHFC, 1,800,000 federal)
- Senior Citizens Housing Development for 2,000,000 (all AHFC)
- Competitive Public Housing Grants for \$1,000,000 (250,000 AHFC, 750,000 federal)
- Special Needs Housing for \$1,000,000 (all AHFC)
- New Teachers and Health Professionals Loan Program for \$4,300,000 (all AHFC)

# Department of Transportation & Public Facilities

## About the Department

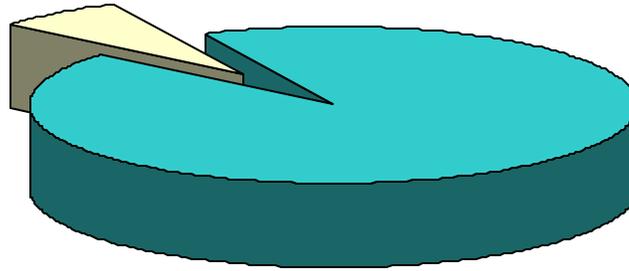
The department's mission is to improve the quality of life for Alaskans by cost-effectively providing, operating, and maintaining safe, environmentally sound and reliable transportation systems and public facilities.

## Department Funding History



## **FY 04 Proposed Budget as a Percentage of Overall Spending**

Transportation and  
Public Facilities



All State Agencies

### **FY 04 Budget Highlights**

#### *Administrative Savings*

- A total of \$1.3 million in savings will be realized by reductions in administrative travel, training, and elimination of administrative-related positions.

#### *Maintenance & Operations*

- Overall increase of \$5.3 million for maintenance of highways and airports around the state. This includes \$698,000 for state facilities, and \$4.6 million for airports and highways.

#### *Alaska Marine Highway System*

- A stable level of State support for the system will continue in Fiscal Year FY 04.

#### *Measurement Standards*

- A reduction of \$214,800 for an overall reduction of 3% will be covered by cutting out a vacant inspector position. In addition travel to remote locations will be reduced and some temporary summer weigh station positions will not be filled.

### **Proposed Revenues**

- *Motor Fuel Tax* increase to 20 cents/gallon from the current 8 cents is being proposed, which will more closely associate the “cost-causer” with the “cost-payer” in terms of helping cover the cost of maintaining the state’s highway system.

The current 8 cents per gallon was originally set in 1961. Georgia is the only state with a lower excise tax than Alaska, at 7.5 cents, but Georgia charges a 3% state sales tax on top of the 7.5 cents excise tax. The median total state tax nationwide is more than 24 cents a gallon while the average is 20 cents per gallon. The proposed 12 cent increase is estimated to raise an additional \$41.2 million annually.

- A \$10 per tire surcharge on all studded tires sold in Alaska is proposed to help offset the costs incurred by the deterioration of roads caused by their use. The sellers of the studded tires would collect the surcharge. Businesses would be allowed to retain 5% of the amount collected to cover expenses in collecting and remitting the surcharge. Projections indicated the surcharge will raise about \$2 million, which is based on the assumption that about 40% of all passenger vehicles and pickup trucks in the state use studded tires on all four wheels and that vehicle owners replace their studded tires every five years.

**Key Capital Projects**

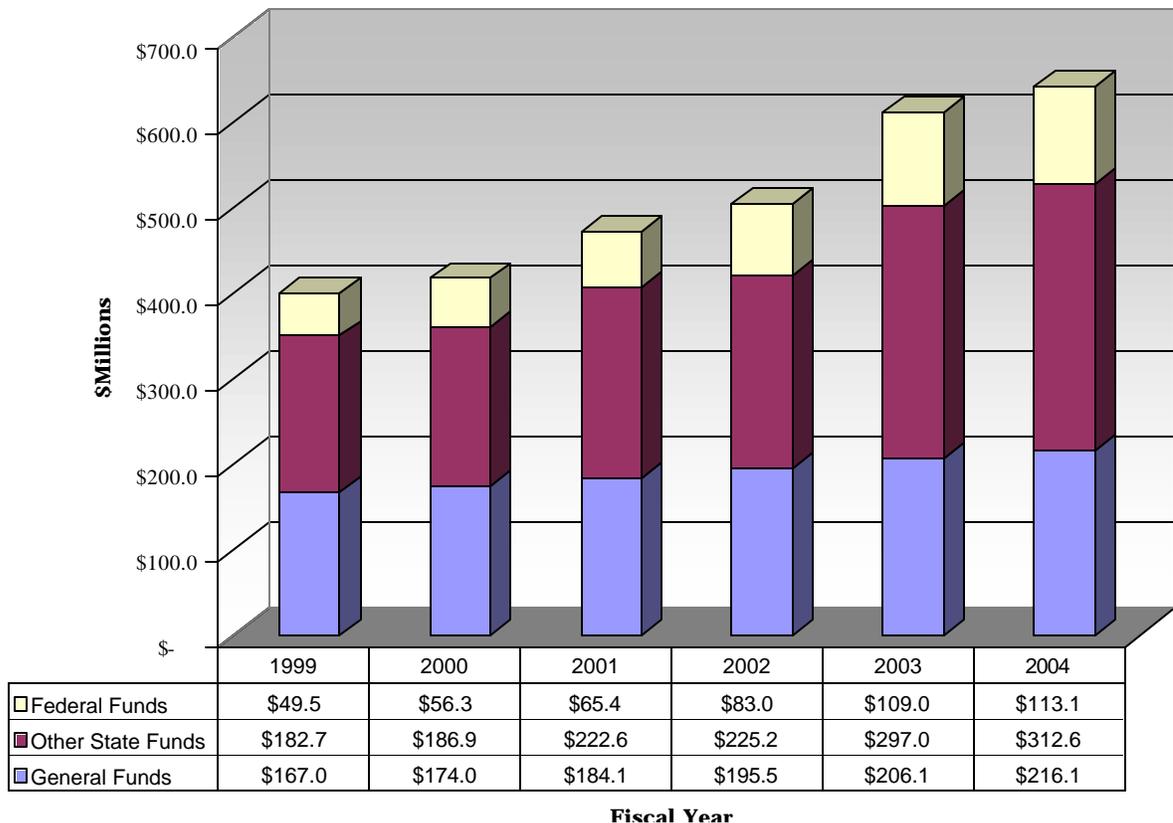
- Industrial Development Roads. \$5,000,000 State funds
- Community Access Roads. \$4,000,000 State funds
- North Slope Oilfield Connector Roads and Colville River Bridge. \$1,000,000 State funds
- Chandalar Maintenance Station Replacement \$4,352,000 State funds  
\$850,000 Federal funds
- Corps of Engineers Harbor Construction for 3 projects:
  - Wrangell Heritage Harbor \$4,000,000 State funds
  - Saint Paul Harbor \$4,150,000 State funds
  - Haines Harbor Design \$100,000 State funds
- Bethel Dock Deferred Maintenance and Transfer to Local Ownership \$600,000 State funds
- State matching funds of \$56,121,000 for projects including Airport Improvement (other than Anchorage and Fairbanks) \$143,581,163 Federal funds
- Surface Transportation Program \$414,742,600 Federal funds
- Anchorage Metropolitan Area Transportation System (AMATS) Project. \$68,734,000 Federal funds
- Other Statewide Federal Programs \$65,975,000 Federal funds

# University of Alaska

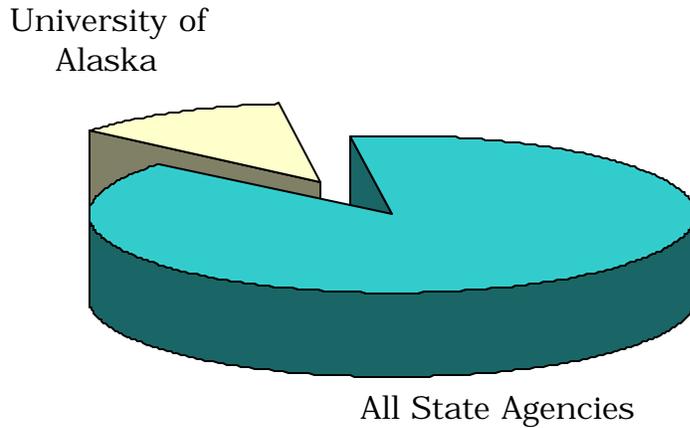
## About the University

The University’s vision is “to be that University system, to meet all of these exacting requirements and to go beyond. Through our excellent faculty, staff, and students, we will produce the social, economic, scientific, civic, and cultural leadership of the state. We will be the source, the example, and often the forum for informed and rigorous debate. We will offer practical advice to policy makers. We will develop the state’s workforce. We will make the discoveries that solve problems and create opportunities. We will be fully accountable—faculty, staff, students, and administration—each to one another in the finest pursuit of shared governance, and most important to those we serve. We will not surrender excellence.”

## Funding History



**FY 04 Proposed Budget  
as a Percentage of Overall Spending**



**FY 04 Budget Highlights**

- The FY 04 budget proposes a \$10.3 million increase (5%) in the state’s general fund contribution to the University of Alaska. This will include replacing \$2.3 million in one-time monies that were used to fund the University during this current fiscal year.

While it falls short from the \$13.6 increase it has requested, the additional investment proposed by the Administration recognizes the contribution it can make to the state’s future.

**Key Capital Projects**

- Safety and Highest Priority Renewal and Replacement \$3,641,500 State Funds
- Attracting and Retaining Students \$10,800,000 University Rcpts
- Small Business Development Center \$550,000 State Funds
- University Center –Phase 2 \$2,400,000 University Rcpts
- Replacement of Research Vessel \$80,000,000 University Rcpts
- West Ridge Research Building \$14,000,000 University Rcpts  
\$2,000,000 Federal
- Yukon Flats Training Center Expansion \$1,100,000 University Rcpts  
\$1,200,000 Federal

**There is no budget overview  
for the Department of Law**

**You can go to the [Department of Law](#) budget  
page for budget details**