



**FOR IMMEDIATE RELEASE**

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**Governor Parnell Proposes Fiscal Year 2011 Budgets;  
Prioritizes Education, Public Safety, Transportation, Resource Development**

December 14, 2009, Anchorage, Alaska - Governor Sean Parnell said today that his budget proposal for Fiscal Year 2011 promotes economic growth and opportunities for families. In the operating and capital budgets released today, the governor focused on the constitutional mandates for spending – on education, public safety, transportation and resource development.

The spending plan for FY2011 maintains budget discipline and limits growth of state agency operating budgets to just over 2 percent. The operating and capital budgets total \$4.7 billion in state general funds. The operating budget fully funds K-12 education and increases law enforcement throughout the state.

Meanwhile, Governor Parnell proposes to spend less than the amount of revenue projected for the next fiscal year. For FY2011, the fall revenue forecast estimates a price of \$76.35 per barrel of oil, with production at 623,000 barrels per day, yielding total unrestricted revenue of \$5.24 billion. Based on the forecast, the governor's proposed spending level in FY2011 will result in a surplus of \$500 million.

This overall general fund budget exceeds last year's because of formula-driven programs and other non-discretionary obligations, including statutory increases in K-12 school funding, Medicaid formula increases, retirement system unfunded liability increases, debt service costs, employee contracts and increasing fuel prices. When federal funds, permanent fund dividends and other non-general funds are added, the budget proposal totals \$10.5 billion.

The FY2011 capital budget focuses on resource development, infrastructure and investment, totaling \$1.5 billion, including \$309.6 million in state general funds.

"These capital dollars will fuel Alaska's economy and put Alaskans to work," Governor Parnell said. "We've included \$85.4 million in the capital budget to leverage over \$700 million in federal and other funds. This means improvements in transportation — highways, both land and marine, and aviation — as well as water and sewer projects and other vital infrastructure upgrades. We are also going to fix what we've got by including \$100 million for the first year of a five-year deferred maintenance plan.

"This budget also recognizes that responsible resource development built Alaska and remains the foundation for our future prosperity. We must leverage our funds to fight for safe, sound development, and to promote private-sector investment and job creation."

The governor also proposes to forward fund K-12 education through a deposit of \$1.1 billion in the Public Education Fund.

Other highlights of Governor Parnell's budget priorities:

School Major Maintenance - eight projects - \$24.8 million  
Domestic Violence & Sexual Assault Prevention - \$7 million  
Retirement system unfunded liability - \$357.6 million  
Oil and gas exploration tax credits - \$180 million  
Community Revenue Sharing - \$60 million

Gas line projects - \$177 million – including:

- \$150 million for the AGIA reimbursement fund; and
- \$6.5 million for in-state gas development

\$85.4 million general fund match to leverage \$718 million in federal and other funds including:

- DOT&PF highway & aviation - \$708 million
- DEC Village Safe Water - \$38 million
- DEC municipal water/sewer - \$23.2 million

Deferred maintenance - \$100 million  
Renewable Energy Grant fund - \$25 million  
State crime lab - \$75 million  
University of Alaska Life Sciences Building - \$108.6 million

“I have been meeting with many legislators, community leaders and citizens over the past few months, and they all brought worthy projects and programs to the table,” Governor Parnell said. “This budget I presented today is a starting point for public input. I look forward to working with fellow Alaskans and our Legislature throughout the legislative session.”

Draft budget bills and more detailed information on the budget are available on the Office of Management & Budget website at <http://omb.alaska.gov/>

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**State of Alaska**  
**Fiscal 2011 Governor Fiscal Summary**  
(dollars shown in millions)

	FY2010 Authorized				FY2011 Governor				GF Change	GF % Change	Total % Change
	General Fund	Federal Funds	Other Funds	Total Funds	General Fund	Federal Funds	Other Funds	Total Funds			
<b>1 Revenues</b>											
2 Total Unrestricted General Fund Revenues (A)	4,777.9	146.4	1.3	4,777.9	5,236.6			5,236.6			
3 Reappropriations and Carry Forward (B)	22.1		169.8	169.8	0.0			0.0			
4 Corporate Dividends (C)			85.3	85.3			59.5	59.5			
5 Federal and Other State Funds	4,800.0	2,935.6	1,138.2	4,073.8	5,236.6	2,769.2	1,382.9	4,152.1	436.6	9.09%	3.7%
6 <b>Authorization to Spend</b>											
7 <b>Operating</b>											
8 Agency Operations (Non-formula)	3,443.8	1,912.5	996.7	6,353.0	3,581.3	1,885.5	1,014.8	6,481.6	137.5	3.99%	2.0%
9 Revised Programs Legislatively Approved	1,685.3	988.3	1,598.5	4,272.1	1,724.7	939.5	1,635.1	4,299.3	39.4	2.34%	
10 Legislature and Courts Operations	153.7	10.2	0.2	10.4	162.9	1.7	2.6	167.1	9.1	5.94%	
11 Agency Operations (Formula)	546.1	1.7	2.6	158.0	576.7	944.3	75.7	1,596.7	30.6	5.61%	
12 K-12 Foundation and Pupil Transportation (D)	1,058.7	912.4	79.2	1,537.7	1,117.0			1,117.0	58.3	5.50%	
13 Duplicated Authorizations (E)			(683.9)	(683.9)			(698.6)				
14 <b>Statewide Appropriations</b>	689.7	32.0	95.3	817.0	786.6	44.4	97.3	928.4	96.9	14.06%	
15 Direct Deposit to Retirement Systems	284.7			284.7	357.6			357.6	72.9		
16 Debt Service (F)	140.9	12.0	222.4	375.3	166.5	12.4	97.2	276.0	25.5		
17 Other Fund Transfers (G)	24.1	20.0	13.1	57.2	22.6	32.1	14.3	69.0	(1.5)		
18 Revenue Sharing	60.0			60.0	60.0			60.0	0.0		
19 Oil and Gas Tax Credits	180.0		(140.2)	180.0	180.0		(14.2)	180.0	0.0		
20 Duplicated Authorizations (E)				(140.2)				(14.2)			
21 <b>Potential Supplements, Amendments and Legislation</b>	50.0	0.0	0.0	50.0	52.0	0.0	7.0	59.0	2.0		
22 Statewide Supplementals (placeholder)	50.0			50.0	50.0			50.0	0.0		
23 New Legislation (SLA 2010)				0.0	2.0		7.0	9.0			
24 <b>Total Operating Authorization</b>	4,183.5	1,944.5	1,092.0	7,220.0	4,419.9	1,929.9	1,119.1	7,468.9	236.4	5.65%	3.4%
25 <b>Capital</b>											
26 Project Appropriations	171.6	1,029.0	177.8	1,378.4	284.6	837.9	370.4	1,492.9	113.0		
27 Capital - Economic Stimulus		23.9		23.9		0.3		0.3			
28 Revised Programs Legislatively Approved		84.5	0.7	85.1							
29 Fund Transfers for Capital Projects	1.5	0.0	40.3	41.8	25.1	1.1	157.0	183.1	23.6		
30 Duplicated Authorizations (E)			(85.9)	(85.9)			(204.1)				
31 <b>Total Capital Authorization</b>	173.1	1,137.4	132.8	1,443.3	309.6	839.3	323.3	1,472.1	136.6	78.91%	2.0%
32 <b>Total Authorization to Spend</b>	4,356.5	3,082.0	1,224.8	8,663.3	4,729.5	2,769.2	1,442.4	8,941.1	373.0	8.56%	3.2%
33 PF Dividends / PFD Division Operations (I)			590.0	590.0			637.0	637.0			
34 PF Inflation Proofing		0.1	0.0	0.1			886.0	886.0			
35 Total AK Permanent Fund		0.1	590.0	590.1			1,523.0	1,523.0			
36 <b>Totals with Permanent Fund</b>	4,356.5	3,082.0	1,814.8	9,253.4	4,729.5	2,769.2	2,965.4	10,464.1	373.0	8.56%	13.1%
37 <b>Additional Savings / Investments</b>	58.7	0.0	0.0	58.7	413.1	0.0	(174.0)	239.1			
38 Governor's Performance Scholarship					400.0		3.0	3.0			
39 AK Capital Income Fund Capitalization (Am Hcss) (H)							(177.0)				
40 Alaska Housing Capital Corporation Receipts (J)											
41 Public Education Fund (D)											
42 <b>Total Authorization with Savings / Investments</b>	58.7			58.7	13.1			3.0			
43 <b>Balance to / (from) Constitutional/Statutory Budget Reserve</b>	4,415.2			4,415.2	5,142.6			5,142.6			
44	384.8			384.8	94.0			94.0			

**State of Alaska**  
**Fiscal 2011 Governor Fiscal Summary**

**Notes**

**A Total Unrestricted General Fund Revenues:** Unrestricted Revenues are from the Department of Revenue Fall 2009 Forecast. FY2010 Unrestricted Revenues are based on an ANS West Coast oil price of \$66.93 per barrel and estimated production of .668 million barrels per day. FY2011 Unrestricted Revenues are based on an ANS West Coast oil price at \$76.35 per barrel and .631 million barrels per day.

**B Reappropriations and Carry Forward:** Includes fund sources for reappropriations and other appropriations (typically roll-forwards of prior year authorizations - including American Recovery and Reinvestment Act of 2009 (ARRA) federal receipts) that do not require additional FY2010 or FY2011 revenue.

**C Corporate Dividends:** Includes funds made available to the State by the boards of the Alaska Industrial Development and Export Authority (AIDEA), Alaska Housing Finance Corporation (AHFC) and Alaska Student Loan Corporation (ASLC). The AIDEA dividend is \$22.7 million for FY2010 and \$23.4 million for FY2011, though \$23.1 million is appropriated in the Governor's budget. The total AHFC transfer for dividend, capital projects, loan programs and debt service is \$68.7 million for FY2010 and \$42.6 million for FY2011. Since AHFC's debt payments for general government purpose bonds do not require appropriation, the net transfers appropriated here are \$62.5 million for FY2010 and \$36.4 million for FY2011. There is no ASLC Dividend for FY2010 or FY2011.

**D Public Education Fund:** Legislation in 2005 established the Public Education Fund (PEF). One of the effects of this legislation was to remove expenditures for K-12 Foundation Program and Pupil Transportation from operating formula programs (line 12), since expenditures from the fund do not require appropriation.

The FY2010 and FY2011 proposed Education K-12 Foundation Program and Pupil Transportation expenditures are shown as funds expended from the Public Education Fund on line 13.

Public Education Fund Expenditures	Foundation	Pupil Transportation		Total
		Foundation	Pupil Transportation	
FY2010	997,572.3	61,149.7	1,058,722.0	
FY2011	1,053,147.4	63,839.2	1,116,986.6	
FY2012	1,066,048.4	64,934.0	1,130,982.4	

The pre-funding of the FY2011 PEF did not pass in the 2009 legislative session. The Governor is proposing a supplemental appropriation of \$1,117.0 million to fund the FY2011 PEF with FY2010 anticipated surplus funds.

**E Duplicated Authorizations:** These appropriations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. The most significant examples of these type of expenditures include operating payments from Interagency Receipts and Capital Improvement Project Receipts.

**F Debt Service:** The Debt Service line (line 17) includes actual payment of debt obligations, primarily general obligation bonds, State debt reimbursement programs, certificates of participation (lease-financing), and International Airports revenue bonds. Most of these debt payments were made from the Debt Retirement Fund in FY2010, which is capitalized from a variety of fund sources. In FY2011, payment of debt is being made from multiple direct appropriations rather than the Debt Retirement Fund.

**G Other Fund Transfers:** Other Fund Capitalization includes capitalization of various State operating funds, such as the Fish and Game Fund, Oil and Hazardous Substance Release Prevention Account, and others.

**H Alaska Capital Income Fund Capitalization:** The Alaska Capital Income Fund is authorized by AS 37.05.565. The fund consists of income earned on money awarded as a result of the State vs. Amerada Hess royalty case, estimated to be \$28-29 million per year, plus other appropriations. Those projects have been reduced in the FY2010 and FY2011 columns per the Alaska Permanent Fund Corporation Fund Financial History & Projections as of October 31, 2009.

**I PF Dividends / PFD Division Operations:** Line 34 includes both the amounts for Permanent Fund Dividend (PFD) checks and other State operating costs of the PFD. In FY2010 the State will spend \$21.0 million for Department of Revenue, Division of Permanent Fund Dividends operations (\$7.4 million) and DHSS Public Assistance PFD Hold Harmless (\$13.6 million). In FY2011 the amounts will be \$21.1 million for Department of Revenue, Division of Permanent Fund Dividends operations (\$7.5 million), and DHSS Public Assistance PFD Hold Harmless (\$13.6 million).

The financial information for the Permanent Fund section (lines 34-36) is from the Alaska Permanent Fund Corporation Fund Financial History & Projections as of October 31, 2009. These financial statements are available on the Alaska Permanent Fund website: [www.APFPC.org](http://www.APFPC.org).

**J Alaska Housing Capital Corporation Receipts:** In FY2006, the Legislature appropriated \$300 million to the Alaska Housing Finance Corporation (AHFC) in Sec. 14, Ch. 13, SLA 2006 for the purpose of funding capital projects. The Legislature's intent also allowed AHFC to transfer those funds and the earnings to a subsidiary corporation, which AHFC did. Those funds currently total \$356.1 million in the Alaska Housing Capital Corporation (AHCC) as of December 8, 2009. In FY2011, \$177.0 million is being drawn for Alaska Gasline Inducement Act reimbursements and gasline development.

**GF/Fed/Other Summary by Department**

Scenario: FY2011 Governor (7749)

Department	GF	Federal	Other	Total	PFT	PPT	NP	Positions	Total
Department of Administration	74,112.0	3,433.6	220,765.0	298,310.6	1,069	18	32	1,119	
Department of Commerce, Community, and Economic Development	33,175.0	66,052.6	101,571.8	200,799.4	528	2	15	545	
Department of Corrections	215,261.4	3,003.4	31,765.9	250,030.7	1,509	2	0	1,511	
Department of Education and Early Development	1,172,882.8	279,380.3	33,351.8	1,485,614.9	334	13	3	350	
Department of Environmental Conservation	19,714.9	22,157.1	33,674.7	75,546.7	538	2	7	547	
Department of Fish and Game	58,075.9	60,783.9	69,699.8	188,559.6	912	760	65	1,737	
Office of the Governor	26,639.4	189.9	7,349.1	34,178.4	156	0	52	208	
Department of Health and Social Services	882,763.9	1,109,794.4	154,760.2	2,147,318.5	3,469	93	105	3,667	
Department of Labor and Workforce Development	29,300.6	98,773.7	62,170.2	190,244.5	847	117	22	986	
Department of Law	57,329.6	1,595.4	27,993.4	86,918.4	555	6	0	561	
Department of Military and Veterans Affairs	11,631.9	23,476.9	13,352.9	48,461.7	295	2	1	298	
Department of Natural Resources	71,454.4	19,343.2	55,811.5	146,609.1	780	247	82	1,109	
Department of Public Safety	135,517.9	18,054.2	31,704.2	185,276.3	870	16	13	899	
Department of Revenue	18,425.0	41,064.1	182,841.4	242,330.5	869	41	17	927	
Department of Transportation/Public Facilities	236,182.4	3,922.3	302,881.1	542,985.8	3,190	437	220	3,847	
University of Alaska	333,929.7	132,798.7	381,130.1	847,858.5	4,694	222	0	4,916	
Alaska Court System	95,315.8	1,675.6	1,561.3	98,552.7	763	47	22	832	
Legislature	67,542.2	0.0	1,046.8	68,589.0	246	280	0	526	
Branch-wide Unallocated Appropriations	42,000.0	0.0	0.0	42,000.0	0	0	0	0	
<b>Total:</b>	<b>3,581,254.8</b>	<b>1,885,499.3</b>	<b>1,713,431.2</b>	<b>7,180,185.3</b>	<b>21,624</b>	<b>2,305</b>	<b>656</b>	<b>24,585</b>	

**Department GF/Fed/Other Summary - Capital Budget**  
**FY2011 Governor**

<b>Department</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Department of Administration	7,900,000	0	17,375,000	25,275,000
Department of Commerce, Community, and Economic Development	10,537,500	37,447,800	48,098,500	96,083,800
Department of Corrections	6,950,000	0	0	6,950,000
Department of Education and Early Development	26,470,651	0	0	26,470,651
Department of Environmental Conservation	33,889,396	38,950,000	2,500,000	75,339,396
Department of Fish and Game	4,300,000	25,650,000	1,355,000	31,305,000
Office of the Governor	123,800	0	1,131,500	1,255,300
Department of Health and Social Services	18,380,000	20,000	550,000	18,950,000
Department of Labor and Workforce Development	4,739,000	1,312,695	0	6,051,695
Department of Law	150,000	0	0	150,000
Department of Military and Veterans Affairs	6,300,000	28,242,000	0	34,542,000
Department of Natural Resources	12,895,000	11,535,000	5,418,000	29,848,000
Department of Public Safety	4,636,000	1,500,000	75,750,000	81,886,000
Department of Revenue	1,261,000	20,095,056	49,377,048	70,733,104
Department of Transportation and Public Facilities	104,623,000	673,427,750	45,261,750	823,312,500
University of Alaska	38,900,000	0	123,600,000	162,500,000
Alaska Court System	2,500,000	0	0	2,500,000
<b>Totals:</b>	<b>284,555,347</b>	<b>838,180,301</b>	<b>370,416,798</b>	<b>1,493,152,446</b>