

## **FY2016 GOVERNOR PARNELL WORK IN PROGRESS BUDGET AS OF NOVEMBER 30, 2014**

The budget passed to the Walker/Mallott Administration for FY2016 was \$5.5 billion in unrestricted general funds (UGF). The operating budget was \$5.3 billion with fund transfers, a 3.8% reduction from the FY2015 Management Plan operating budget of \$5.5 billion. The proposed capital budget was \$0.2 billion (\$219.5), a 63.1% reduction from the FY2015 enacted capital budget of \$0.6 billion (\$594.9). To meet the statutory deadline of December 15 and maximize the time to develop his own FY2016 budget, Governor Walker plans to submit this operating budget proposal—without endorsement. On the capital budget, per the direction of the transition team to examine large projects, the December 15 budget submission will be minimal. A Walker/Mallot administration-endorsed operating and capital budget will be submitted prior to the deadline to submit the amended FY2016 budget, which is February 18, 2015.

The Parnell Work-In-Progress budget includes:

### **Operating:**

- Agency target reductions of \$25.5 million based on 2% of the UGF in personal services
- Retirement contribution of \$257.3 million funded through pension obligation bonds
- Salary and benefit adjustments for public employee contractual agreements at \$27.7 million UGF (\$52.8 million total)
- State agency fuel cost funding at \$20 million based on \$90 average ANS price of oil
- Regional Education Attendance Area and Small Municipal (REAA) fund transfer of \$38.8 million. No capital projects are proposed from the REAA fund.
- Renewable Energy Grant fund transfer of \$15 million for renewable energy capital projects
- Community Revenue Sharing fund capitalization at \$60 million (versus \$52 million in FY15)
- Reimbursable Oil and Gas Tax Credits estimated at \$525 million (Fall 2014 forecast updates pending)

### **Capital:**

- Leverage funds to match federal and local funds (about \$100 million generally leverages over \$1 billion in federal funds). This includes DOTPF federal highway match (\$50 million), aviation match (\$12 million), and the Harbor Grant fund (\$10 million). It also

includes DEC Village Safe Water/Wastewater (\$8.75 million) and Municipal Water, Sewer and Solid Waste grants (\$10 million)

- Education Major Maintenance Grant program funded at \$23 million for nine highest priority projects
- Education School Construction program funded at \$4.6 million for Kivalina school design. It is anticipated that road and infrastructure issues will delay the project for a number of years.
- DCCED Kivalina Evacuation and Access Road - \$2.5 million (see above)
- DCCED Susitna Watana Dam - \$20 million
- DCCED Ambler Road Project - \$8 million
- DCCED Blood Bank of Alaska building construction - \$5 million
- DEC Wetlands Permitting - \$1.8 million
- F&G Chinook Salmon Initiative- \$5 million
- DNR Unified Permitting \$1.8 million & Strategic Minerals Assessment - \$1 million
- Revenue – AHFC Housing programs and Homeless Assistance programs - \$43 million