

**Governor's Proposed FY2017 Capital Budget**  
**Office of Management and Budget**  
**Released December 9<sup>th</sup>, 2015**

The Governor's proposed FY2017 capital budget totals \$1,263,018.8 with \$195,290.1 in Unrestricted General Funds (UGF), \$6,750.0 in Designated General Funds (DGF), \$103,821.3 in Other State Funds, and \$957,157.4 in Federal Funds.

The Governor's FY2017 capital budget prioritizes critical projects for annual federal match programs, energy and housing, maintenance, legal obligations, and school replacement and initiative areas.

<b>Priority Areas</b>	<b>All Funds</b>	<b>UGF</b>
Federal Match & Leverage	1,079,188.9	82,860.0
Energy & Housing	52,930.0	21,280.0
Maintenance	92,076.2	53,001.2
Legal Requirements	11,012.4	10,457.6
School Replacement & Initiatives	27,811.3	27,691.3
<b>Total</b>	<b>1,263,018.8</b>	<b>195,290.1</b>

**Federal Match & Leverage**

The state's transportation program is the single largest component in the capital budget. \$68,900.0 UGF matches \$860,200.0 in federal funds to preserve and develop our highways, bridges, ferries, public transportation, and airport systems.

Village Safe Water and Wastewater Infrastructure projects assist rural communities to plan, design, and construct water and sewer system improvements. \$8,750.0 UGF matches \$42,250.0 in federal funds to provide safe drinking water and sanitation for our rural communities.

The Governor's capital budget also provides \$6,000.0 in federal community block grants with a state match requirement of \$60.0. These block grants provide educational programs such as alcohol and drug abuse prevention programs, fetal alcohol syndrome prevention programs, and child development programs; adult training; affordable housing programs; and advocacy for low-income individuals. It also provides grants to municipalities for planning activities, infrastructure projects, and economic development which benefit low to moderate-income individuals.

**Energy & Housing**

Energy projects through the Alaska Energy Authority (AEA) prioritize programs such as Alternative Energy and Energy Efficiency, Bulk Fuel Upgrades, Emerging Energy Technology, Renewable Energy, and Rural Power Systems Upgrades aimed at reducing the cost of energy in Alaska. These projects total \$5,030.0 UGF and \$5,000.0 DGF; and leverage \$9,500.0 in federal funds.

The Alaska Housing Finance Corporation's (AHFC) Weatherization program is sustained in FY2017 through a \$6,600.0 UGF reappropriation from the Energy Rebate Program. The Weatherization Program provides cost-effective energy improvements to homes of low-income families. Approximately 66 percent of Alaskan households contain either a senior citizen or a person with disabilities, and 37 percent of households contain children under the age of six.

The Governor's FY2017 Capital Budget also includes a number of AHFC projects aimed at the housing needs of seniors, the homeless, teachers, health and public safety professionals, and victims of domestic violence and sexual assault. Other AHFC projects provide state match to federal Housing and Urban Development (HUD) funds aimed at expanding the supply of affordable, low- and moderate- income housing within the state. Housing projects through AHFC total \$15,950.0 UGF and leverage \$15,400.0 in other and federal funds.

### **Maintenance**

Agency maintenance projects will address the minimum critical life, health, and safety needs within the departments of Administration, Corrections, Fish and Game, Health and Social Services, Public Safety, Transportation, the University of Alaska, and the Judiciary. The State of Alaska has a deferred maintenance backlog of approximately \$1.8 billion. By addressing agency maintenance needs now, we prevent future cost increases incurred by the delay and further deterioration of state assets.

Other maintenance projects include the amount necessary to keep our Marine Highway System vessels operating (\$12,000.0 UGF), and \$11,283.5 UGF for School District Major Maintenance Grants to Bristol Bay, Kake, and Petersburg school districts.

### **Legal Requirements**

The State of Alaska must fulfill its legal obligations in funding the completion of the Kivalina K-12 Replacement School as prescribed by the Kasayulie Consent Decree and Settlement Agreement. The majority of the project's funding was appropriated in FY2016. \$7,238.4 UGF completes the funding requirements.

The State of Alaska also has an obligation to protect Alaska's citizen's health data. As identified by the Office of Civil Rights, the department of Health and Social Services will remediate findings and maintain a compliance program to ensure the protection of citizen health data.

Finally, the State of Alaska has an obligation to cleanup oil and hazardous substance spills that threaten human health and the environment. Contaminated sites owned by the State and contaminated sites without any known or capable responsible party can only be addressed with State general fund resources. These contaminated sites pose a public health risk, and cannot be redeveloped without appropriate cleanup of the known contaminants.

### **School Replacement & Initiatives**

The Governor's FY2017 Capital Budget includes the highest prioritized project on the School Construction Capital Improvement Project, Kachemak Selo New K-12 School (\$10,867.5 UGF). It also includes a project for the Lower Kuskokwim School District for centralized kitchen and food services for the school population of approximately 1,300. A structure fire this past November has hampered the school district's ability to provide food services.

A placeholder of \$5,000.0 UGF is included for criminal justice reinvestment. The Governor anticipates recommendations made by the Alaska Criminal Justice Commission that have the potential to pair statutory reforms with reinvesting priorities; close the fiscal gap; improve the odds of success and sustainability; and provide modest up-front and ongoing investments.

\$1,000.0 UGF is also included to create a new Bethel Scout Battalion. This Scout Battalion will provide support to local communities during times of natural and manmade disasters. This will be a phased project requiring yearly equipment purchases of approximately \$1,000.0 for the next five years to meet all requisite milestones and establish the foundation for a successful presence in Bethel.