

The Fiscal Year 2025 Budget: Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division

www.legfin.akleg.gov

The Legislative Finance Division has a professional, non-partisan staff that provides general budget analysis for members of the legislature and specifically supports the Legislative Budget and Audit Committee and the House and Senate standing finance committees. Each fiscal analyst is assigned agency areas of responsibility. Per AS 24.20.231 the duties of the office are to:

- (1) *analyze the budget and appropriation requests of each department, institution, bureau, board, commission, or other agency of state government;*
- (2) *analyze the revenue requirements of the state;*
- (3) *provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;*
- (4) *cooperate with the Office of Management and Budget in establishing a comprehensive system for state budgeting and financial management as set out in AS 37.07 (Executive Budget Act);*
- (5) *complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee;*
- (6) *with the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee;*
- (7) *identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction; and*
- (8) *not later than the first legislative day of each first regular session of each legislature, conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095.*

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UGF Short Fiscal Summary - FY24/FY25 Budget

(\$ Millions) (Unrestricted General Funds)		FY24 Budget	FY25 Governor	Change, FY24 to FY25
1	Revenue	6,526.4	6,308.4	(218.0)
2	UGF Revenue (DOR Fall 2023 Forecast)	2,959.5	2,651.2	(308.3)
3	POMV Draw	3,526.0	3,657.2	131.2
4	Misc/Adjust	40.9	-	(40.9)

5	Appropriations	6,127.2	7,285.4	1,158.3	18.9%
6	Operating Budget	4,880.5	4,676.6	(203.9)	-4.2%
7	Agency Operations	4,411.1	4,311.6	(99.5)	-2.3%
8	Statewide Items	346.8	365.0	18.2	5.3%
9	Energy Relief Payment*	110.6	-	(110.6)	-100.0%
10	Supplemental Appropriations	12.0	-	(12.0)	
11	Capital Budget	365.2	305.2	(60.0)	-16.4%
12	Current Year Appropriations	360.2	305.2	(55.0)	-15.3%
13	Supplemental Appropriations	5.0	-	(5.0)	
14	Permanent Fund	881.5	2,303.7	1,422.2	161.3%
15	Permanent Fund Dividends	881.5	2,303.7	1,422.2	161.3%

Reserve Balances (EOY)		FY24	FY25
SBR		19.8	-
CBR		3,205.8	2,351.5
ERA		7,470.5	7,220.3

*Revenues exceeding DOR's Spring 2023 forecast are split between the CBR and a deposit into the dividend fund. The dividend fund appropriation is capped at \$318.3 million and would be distributed as an energy relief payment in FY25.

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

State of Alaska Detailed Fiscal Summary - FY24 and FY25 (Part 1)

(\$ millions)

	FY24 Budget				FY25 Governor				Change in UGF			
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
REVENUE	6,526.4	1,088.0	927.0	6,205.4	14,746.8	6,308.4	1,074.7	887.1	6,522.3	14,792.5	(218.0)	-3.3%
1 Unrestricted General Fund Revenue (Fall 2023 Forecast) (1)	2,959.5	-	-	-	2,959.5	2,651.2	-	-	-	2,651.2	(308.3)	-10.4%
2 POMV Payout from ERA	3,526.0	55.0	40.0	605.0	3,526.0	3,657.2	-	-	-	3,657.2	131.2	3.7%
3 Adjustments, Carryforward, Repeals, and Reappropriations (2)	40.9	1,033.0	887.0	5,600.4	7,520.5	-	1,074.7	887.1	6,522.3	8,484.1	(40.9)	-100.0%
4 Restricted Revenue (3)	-	-	-	-	-	-	-	-	-	-	-	-
APPROPRIATIONS	4,880.5	897.3	855.2	4,056.7	10,689.7	4,676.6	887.0	804.6	3,531.3	9,899.5	(203.9)	-4.2%
TOTAL OPERATING APPROPRIATIONS	4,423.1	782.7	796.5	3,957.7	9,960.1	4,311.6	794.3	733.5	3,447.2	9,286.6	(111.5)	-2.5%
8 Current Fiscal Year Appropriations	4,411.1	782.7	796.5	3,955.0	9,945.3	4,311.6	794.3	733.5	3,447.2	9,286.6	(98.5)	-2.3%
9 Agency Operations (Non-Formula)	2,202.1	716.1	747.9	1,760.9	5,427.0	2,245.7	727.7	682.5	1,233.7	4,889.6	43.6	2.0%
10 K-12 Foundation and Pupil Transportation (Formula)	1,300.8	32.7	32.7	20.8	1,354.3	1,181.3	0.4	35.5	20.8	1,237.6	(119.5)	-9.2%
11 Medicaid Services (Formula)	700.0	0.4	15.5	2,002.3	2,718.2	703.9	0.4	15.5	2,000.7	2,800.5	3.9	0.6%
12 Other Formula Programs	208.2	66.1	170.2	0.9	444.5	180.6	66.1	112.1	-	358.9	(27.6)	-13.2%
13 Revised Programs Legislatively Approved (RPLs)	-	-	0.5	0.9	1.4	-	-	-	-	-	-	-
14 Duplicated Authorization (non-additive) (4)	-	-	903.9	-	903.9	-	-	-	-	892.3	-	-
15 Supplemental Appropriations (Agency Operations)	12.0	-	-	2.8	14.7	-	-	-	-	-	-	-
16 Supplemental Appropriations	12.0	-	-	2.8	14.7	-	-	-	-	-	-	-
Statewide Items	457.4	114.7	58.7	99.0	701.8	365.0	92.7	71.2	84.1	612.9	(92.4)	-20.2%
18 Current Fiscal Year Appropriations	457.4	114.7	58.7	99.0	701.8	365.0	92.7	71.2	84.1	612.9	(92.4)	-20.2%
19 Debt Service	147.5	13.5	21.3	4.8	187.2	138.1	13.1	37.6	4.9	193.7	(9.4)	-6.4%
20 Fund Capitalizations	59.0	15.1	0.3	49.4	123.9	40.6	53.0	0.3	79.2	173.1	(18.3)	-31.1%
21 Community Assistance	-	-	-	-	-	2.2	27.8	-	-	30.0	2.2	3.3%
22 REAA School Fund	27.9	-	-	-	28.4	27.0	-	-	-	27.0	(0.9)	-3.3%
23 Oil and Gas Tax Credit Fund	28.4	-	-	-	28.4	-	-	-	-	-	(28.4)	-100.0%
24 Other Fund Capitalization	2.7	15.1	0.3	49.4	67.6	11.5	25.2	0.3	79.2	116.1	8.7	320.5%
25 State Payments to Retirement Systems	140.3	-	-	-	140.3	186.3	-	-	-	186.3	46.0	32.8%
26 Energy Relief Payment (5)	110.6	-	-	-	110.6	-	-	-	-	-	-	-
27 Shared Taxes	-	32.5	37.1	-	69.6	-	26.6	33.2	-	59.8	(110.6)	-100.0%
28 Alaska Comprehensive Insurance Program	-	53.5	-	44.7	98.2	-	-	-	-	-	-	-
29 Duplicated Authorization (non-additive) (4)	-	-	13.1	-	13.1	-	-	10.0	-	10.0	-	-
30 Supplemental Appropriations (Statewide Items)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL APPROPRIATIONS	365.2	73.5	71.5	2,138.1	2,648.3	305.2	76.2	82.3	2,991.0	3,454.6	(60.0)	-16.4%
31 Current Fiscal Year Appropriations	365.2	73.5	71.5	2,138.1	2,648.3	305.2	76.2	82.3	2,991.0	3,454.6	(60.0)	-16.4%
32 Project Appropriations	360.2	73.5	71.5	2,138.1	2,643.3	305.2	76.2	82.3	2,991.0	3,454.6	(55.0)	-15.3%
33 Duplicated Authorization (non-additive) (4)	360.2	73.5	71.5	2,138.1	2,643.3	305.2	76.2	82.3	2,991.0	3,454.6	(55.0)	-15.3%
34 Duplicated Authorization (non-additive) (4)	-	-	118.9	-	118.9	-	-	90.2	-	90.2	-	-
35 Supplemental Appropriations (Capital)	5.0	-	-	-	5.0	-	-	-	-	-	-	-
36 Capital Projects	5.0	-	-	-	5.0	-	-	-	-	-	-	-
37 Money on the Street (includes all fund sources) (6)	365.2	73.5	190.4	2,138.1	2,767.2	305.2	76.2	172.4	2,991.0	3,544.8	-	-
Pre-Permanent Fund Authorization (unduplicated)	5,245.7	970.9	926.8	6,194.8	13,338.1	4,981.7	963.2	886.9	6,522.3	13,354.1	(263.9)	-5.0%
38 Revenue less operating and capital appropriations	1,280.7	-	-	-	-	1,326.7	-	-	-	-	(263.9)	-5.0%
Permanent Fund Appropriations	881.5	76.4	-	-	957.9	2,303.7	82.0	-	-	2,385.7	1,422.2	161%
40 Permanent Fund Dividends (5)	881.5	-	-	-	881.5	2,303.7	-	-	-	2,303.7	1,422.2	161.3%
41 Non-Mandatory Royalty Deposit to Principal	-	76.4	-	-	76.4	-	82.0	-	-	82.0	55.0	3.9%
42 Transfer to Principal from Earnings Reserve Account	1,413.0	-	-	-	1,413.0	1,468.0	-	-	-	1,468.0	55.0	3.9%
43 Transfer from Earnings Reserve Account to Principal	(1,413.0)	-	-	-	(1,413.0)	(1,468.0)	-	-	-	(1,468.0)	(55.0)	-3.9%
44												
Pre-Transfers Authorization (unduplicated)	6,127.2	1,047.3	926.8	6,194.8	14,296.0	7,285.4	1,045.2	886.9	6,522.3	15,739.8	1,158.3	18.9%
45 Pre-Transfers Authorization (unduplicated)	399.2	1,047.3	926.8	6,194.8	14,296.0	7,285.4	1,045.2	886.9	6,522.3	15,739.8	1,158.3	18.9%
46 Pre-Transfer Surplus/(Deficit) (7)	-	-	106.6%	of Appropriations	-	(977.0)	Revenue =	86.6%	of Appropriations	-	-	-

State of Alaska Detailed Fiscal Summary - FY24 and FY25 (Part 1)

	FY24 Budget				FY25 Governor				Change in UGF			
	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Other State Funds	Federal Receipts	All Funds	\$	%
Fund Transfers (8)	123.8	40.7	0.2	10.6	175.4	5.3	29.5	0.2	-	35.0	(118.5)	-95.7%
47 Current Fiscal Year Transfers	123.8	24.7	0.2	10.6	159.3	5.3	29.5	0.2	-	35.0	(118.5)	-95.7%
48 Renewable Energy Fund	7.5	-	-	-	7.5	5.0	-	-	-	5.0	(2.5)	(16.0)
49 Alaska Capital Income Fund (non-additive) (9)	16.0	23.0	-	-	39.0	0.3	28.2	-	-	28.2	(16.0)	(0.0)
50 Other Fund Transfers	0.3	1.7	0.2	10.6	2.2	-	1.3	-	-	1.8	10.6	(110.6)
51 General Fund Deposit from American Rescue Plan Act (ARPA)	(10.6)	-	-	-	-	-	-	-	-	-	-	-
52 Constitutional Budget Reserve (5)	110.6	-	-	-	110.6	-	-	-	-	-	-	-
53 Supplemental Appropriations (Fund Transfers)	-	16.0	-	-	16.0	-	-	-	-	-	-	-
54 Oil & Hazardous Substance Fund	-	16.0	-	-	16.0	-	-	-	-	-	-	-
55												
Post-Transfer Authorization (unduplicated)	6,251.0	1,088.0	927.0	6,205.4	14,471.4	7,290.7	1,074.7	887.1	6,522.3	15,774.8	1,039.7	16.6%
56												
57 Post-Transfer Surplus/(Deficit) (10)	275.4	Revenue =	104.4%	of Appropriations	Revenue =	(982.3)	Revenue =	86.5%	of Appropriations			
FISCAL YEAR SUMMARY	6,251.0	1,088.0	927.0	6,205.4	14,471.4	7,290.7	1,074.7	887.1	6,522.3	15,774.8	1,039.7	16.6%
58 Agency Operations	4,423.1	782.7	796.5	3,957.7	9,960.1	4,311.6	794.3	733.5	3,447.2	9,286.6	(111.5)	-2.5%
59 Statewide Items	457.4	114.7	58.7	99.0	729.7	365.0	92.7	71.2	84.1	612.9	(92.4)	-20.2%
60 Permanent Fund Appropriations	881.5	76.4	-	-	957.9	2,303.7	82.0	-	-	2,385.7	1,422.2	161.3%
61 Total Operating	5,762.0	973.8	855.2	4,056.7	11,647.7	6,980.3	969.0	804.6	3,531.3	12,285.2	1,218.3	21.1%
62 Capital	365.2	73.5	71.5	2,138.1	2,648.3	305.2	76.2	82.3	2,991.0	3,454.6	(60.0)	-16.4%
63 Transfers	123.8	40.7	0.2	10.6	175.4	5.3	29.5	0.2	-	35.0	(118.5)	-95.7%
64												

Notes:

- (1) The Department of Revenue's (DOR) Fall 2023 Revenue Sources Book forecast for FY25 is 471,200 barrels per day total Alaska production at \$76 per barrel.
- (2) Carryforward is money that was appropriated in a prior year that is made available for spending in a later year via multi-year appropriations. Repeats increase revenue by reducing prior year authorization. Reappropriations to operating budget funds are counted as UGF revenue.
- (3) Restricted revenue equals spending for each category. Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statutorily designated for a specific purpose. Other funds have stricter restrictions on usage, and federal funds originate from the federal government and can be used only for a particular purpose.
- (4) Duplicated authorization is in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds will be reflected in future operating budgets.
- (5) The FY24 Enacted budget includes a provision that if revenues exceed DOR's Spring Revenue Forecast, excess revenues will be split in half between the CBR and a deposit into the dividend fund. The dividend fund appropriation would occur at the end of FY24 and would be distributed as an energy relief payment in FY25 in addition to the FY25 PFD. The dividend fund appropriation is capped at \$318.3 million (of excess revenue), and any further revenues would entirely flow into the CBR.
- (6) Including duplicated fund sources in the amount of capital spending provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.
- (7) The "Pre-transfer Surplus/(Deficit)" indicates if projected state revenue is sufficient to pay for the budget before using money from savings or non-recurring revenue sources. If projected state revenue is projected to be insufficient indefinitely, it is often referred to as a "structural deficit."
- (8) "Fund Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other purposes so must be included in the calculation of the surplus/deficit. For reserve accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is included in the operating or capital budget, as appropriate. For example, the appropriation to transfer court filing fees from the general fund to the civil legal services fund.
- (9) In FY24, the amount necessary for the Alaska Capital Income Fund (ACIF) to have an unobligated balance of \$0, estimated to be \$16 million, is appropriated from the general fund to the ACIF.
- (10) No appropriation from the CBR to cover a general fund deficit was enacted for FY24. The Governor's FY25 budget proposal contains language appropriating from the SBR and CBR to cover a general fund deficit.

January 9, 2024

Projected Fund Balances - FY24 and FY25 (Part 2)

(\$ millions)

	FY24			FY25			
	Bo Y Balance	In	Out/ (Deposit)	Eo Y Balance	In	Out/ (Deposit)	Eo Y Balance
Total Budget Reserves and Designated Funds	4,140.1	222.0	(254.4)	4,616.5	255.5	1,130.6	3,741.4
Undesignated Reserves	2,745.9	94.9	(386.0)	3,226.8	108.2	982.3	2,352.6
Total Excluding Permanent Fund	2,745.9	94.9	(386.0)	3,226.8	108.2	982.3	2,352.6
Constitutional Budget Reserve Fund	2,724.9	94.9	(386.0)	3,205.8	108.2	962.5	2,351.5
Statutory Budget Reserve Fund	19.8	-	-	19.8	-	19.8	-
Alaska Housing Capital Corporation Fund	1.1	-	-	1.1	-	-	1.1
Select Designated Funds	1,394.2	127.1	131.6	1,389.7	147.4	148.3	1,388.8
Total Excluding Permanent Fund	1,394.2	127.1	131.6	1,389.7	147.4	148.3	1,388.8
Alaska Capital Income Fund*	(16.0)	39.0	29.3	(6.3)	28.2	28.2	(6.3)
Alaska Higher Education Investment Fund	380.4	24.4	23.6	381.2	24.4	23.6	382.0
Community Assistance Fund	90.0	-	30.0	60.0	30.0	20.0	70.0
Power Cost Equalization Endowment	939.8	63.7	48.7	954.8	64.8	76.5	943.1
Unrestricted General Fund Appropriations				6,127.2			7,285.4
Reserves Ratio (Undesignated Reserves / Pre-Transfer Budget)			53%				32%
Pre-Transfer Deficit				399.2			(977.0)
Years of Deficit Coverage (Undesignated Reserves / Pre-Transfer Deficit)				n/a			2.41
Permanent Fund **							
Permanent Fund Principal - Realized (no appropriations allowed)	56,420.2	1,901.3	0.0	58,321.5	1,906.0	0.0	60,227.5
Permanent Fund Earnings Reserve Account - Realized	8,766.3	3,666.3	4,962.1	7,470.5	4,904.0	5,154.2	7,220.3
Permanent Fund - Unrealized Gain (Loss)	12,825.3	319.0	0.0	13,144.3	426.0	0.0	13,570.3
TOTAL PERMANENT FUND	78,011.8	5,886.6	4,962.1	78,936.3	7,236.0	5,154.2	81,018.1

*The FY24 Enacted Budget appropriates the amount necessary to bring the Alaska Capital Income Fund balance to zero at the start of the year.

**Alaska Permanent Fund Corporation (APFC) unaudited history and projections as of November 30, 2023. Includes LFD adjustments.

January 9, 2024

Executive Summary

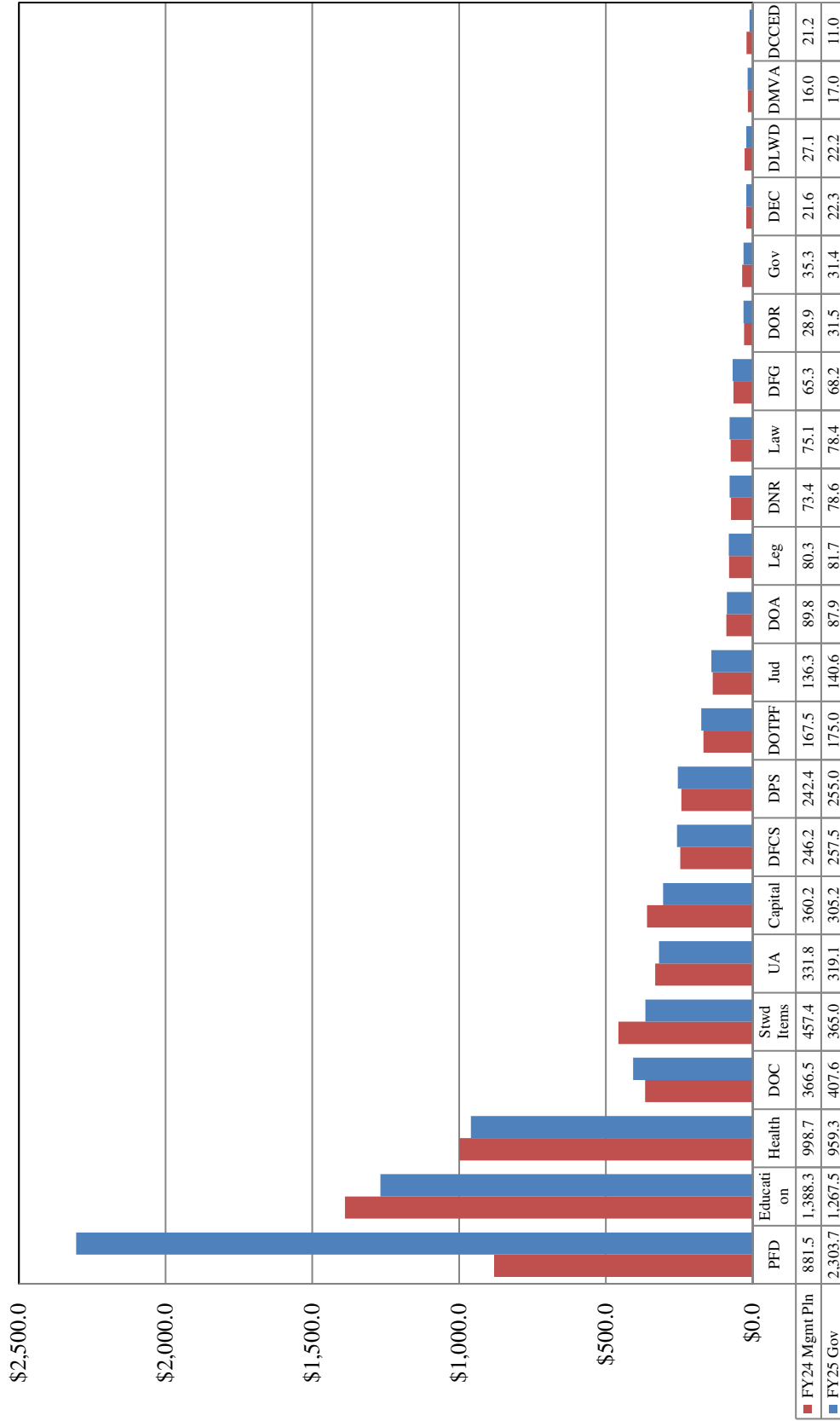
As required by law, the Governor released his FY25 budget proposal to the public and the legislature on December 14, 2023. The Legislative Finance Division prepared this Overview of the Governor's Budget and "Subcommittee Books" for each agency in accordance with AS 24.20.211-.231.

The Overview provides a starting point for legislative consideration of the Governor's proposed budget and revenue plan. It does not necessarily discuss the merits of budget plans, but focuses on outlining the fiscal situation and presenting the budget in a way that provides objective information to the legislature.

The first chapters in this publication primarily refer to Unrestricted General Funds (UGF). These are the state revenues with no constitutional or statutory restrictions on their use. The statewide fiscal surplus or deficit is calculated using this fund source group. Later in the publication, individual agency narratives account for significant changes in all fund sources. The first chapters also primarily use figures in the millions of dollars, with the decimal indicating hundreds of thousands, while agency narratives generally use figures in the thousands of dollars, with the decimal indicating hundreds.

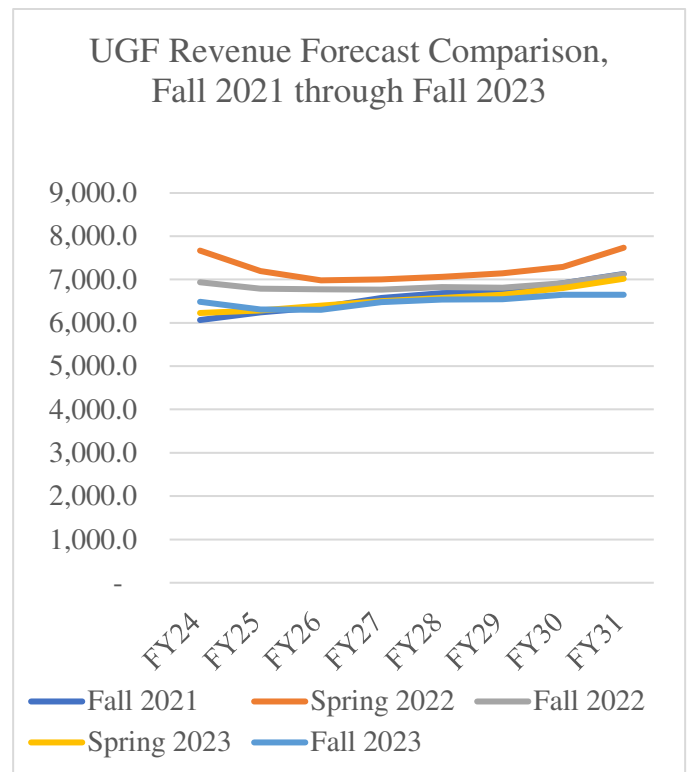
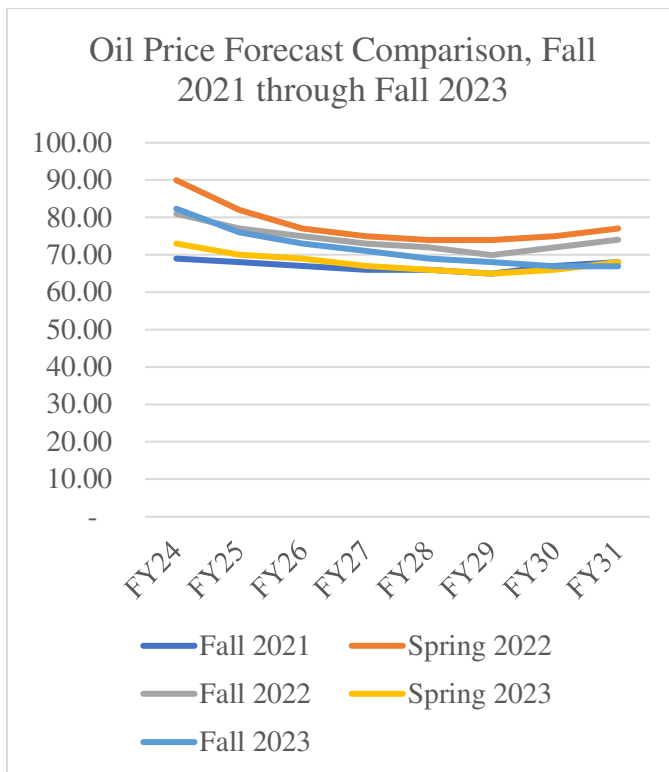
Despite oil price and investment market volatility, the State's long-term fiscal situation is much the same as it has been for a decade: there is a gap between the statutory spending and revenue structures at expected oil prices and financial market projections. The Enacted budget in FY24 left a surplus of several hundred million dollars, but the Governor's FY25 budget relies on nearly a billion-dollar draw from savings.

Swoop Graph - UGF Only
FY25 Governor's Budget Compared to FY24 Management Plan
 (\$Millions)



Alaska's Overall Fiscal Situation

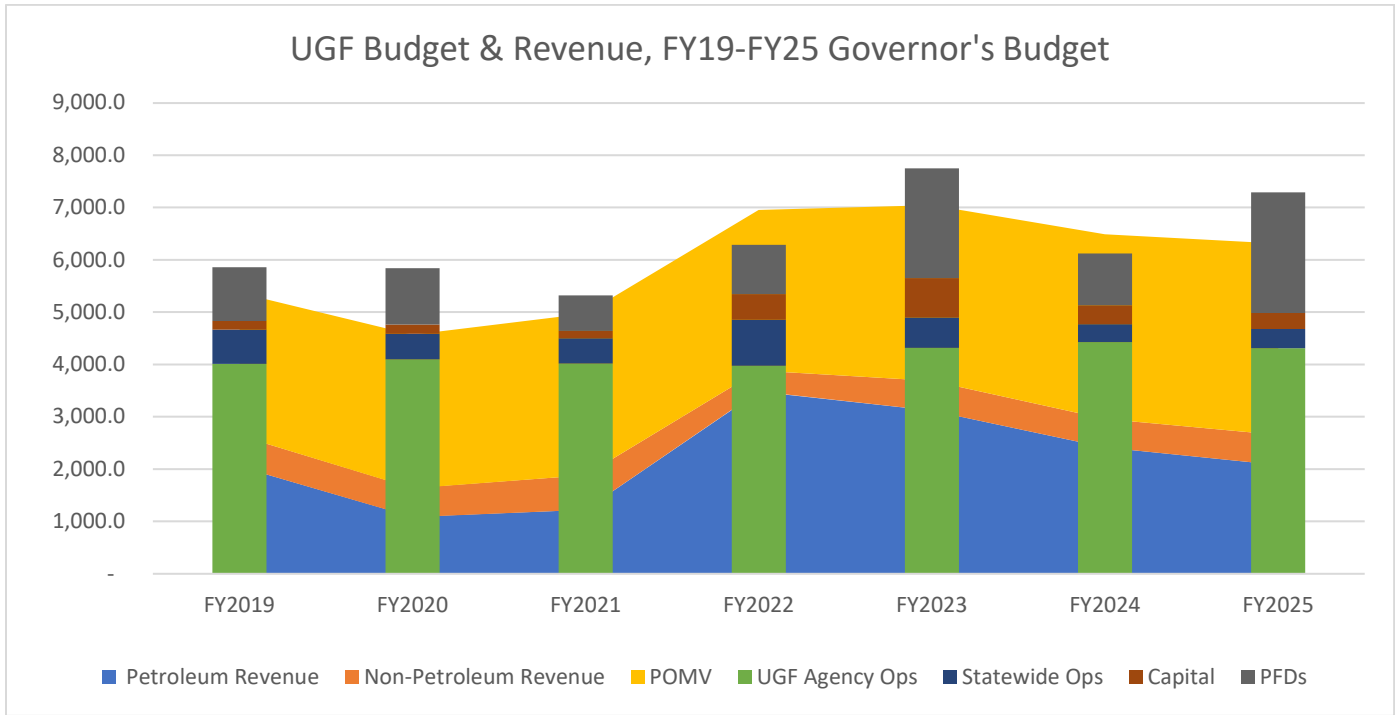
Alaska's general fund is still heavily reliant on oil revenue; though it is no longer the *largest* source of UGF revenue, it is the most volatile. In Fiscal Year 2025 (FY25), the Department of Revenue (DOR) projects that petroleum will account for 33 percent of Alaska's UGF revenue. As always, oil prices remain unpredictable, and Alaska's fiscal health appears to change as rapidly as oil prices fluctuate. Despite this short-term volatility, the long-term fiscal situation has not changed significantly; the past five revenue forecasts have shown a narrow band of prices, with \$10 or less separating the high and low forecasts for FY27 and beyond. As would be expected, the Unrestricted General Fund (UGF) revenue forecasts have also presented in a narrow band: just \$523 million separates the lowest and highest forecasts for FY27 and FY28.



Despite a relatively stable revenue forecast in the past several years, the State's fiscal situation is unsettled. Alaska still has a structural budget deficit: if all spending statutes are followed, the State would have a substantial budget deficit at expected long-term revenue. This has led to a widespread perception that Alaska is in the midst of an ongoing fiscal crisis.

Since SB 26 authorized the Percent of Market Value (POMV) transfer from the Permanent Fund to the general fund beginning in FY19, the State's fiscal stability has increased substantially. The FY19, 20, 21 and 23 budgets had deficits, the FY22 and 24 budgets had surpluses. The Constitutional Budget Reserve (CBR) and Statutory Budget Reserve (SBR), the State's main reserve funds, had a combined balance of about \$2.75 billion at the start of FY19 and is estimated to have a balance of about \$2.74 billion at the end of FY23.

The difference between the structural deficit and the actual history of relatively balanced budgets is that expenditure statutes are not required to be followed in the appropriations process; most notably, the legislature has not adhered to the Permanent Fund Dividend (PFD) statute since FY16. PFD payments and capital budgets have fluctuated with available revenue. This ad-hoc fiscal policy has stabilized the State's reserve funds, but leaves uncertainty from year to year. A durable solution to the structural deficit would allow for more meaningful fiscal planning.



Fall 2023 Revenue Forecast Shows Shifting Alaska Oil Production Landscape

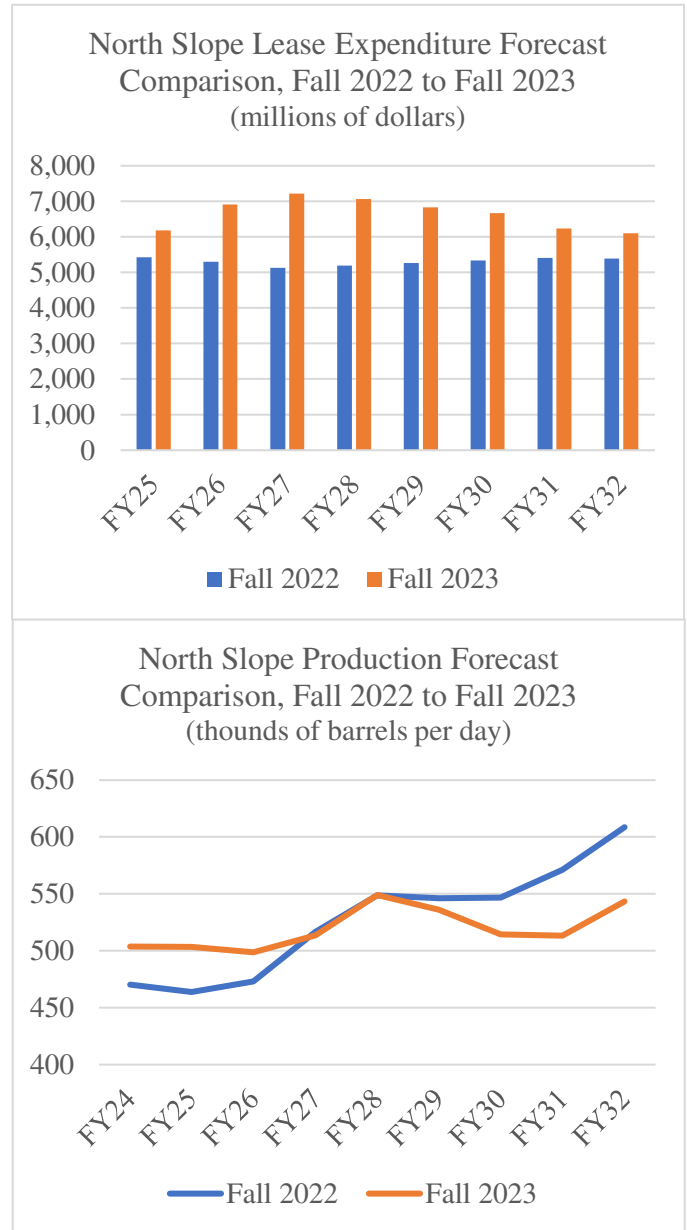
The DOR Fall 2023 Revenue Sources Book's topline revenue numbers are similar to past forecasts, but underneath the surface there are significant changes in Alaska's oil production. Oil prices for FY24 and FY25 are up significantly from the Spring 2023 forecast, but revenue increased less than a price sensitivity table would indicate. This is because oil production decreased overall, while tax-deductible lease expenditures and transportation costs increased.

The most visible reason for this change is the progress of the Willow field, which was mired in lawsuits when the Spring forecast was produced but has since been given the green light to begin development. DOR employs a risking methodology for their forecast that reduces the impact of a potential project based on how likely it is to occur. While it is still not definite that production will occur, ConocoPhillips publicly announced a \$700 million development investment for FY24 that is very certain at this point. The result is an increase in lease expenditures in FY24 and beyond, and a projected increase in production starting in FY29. In the short term, this means less revenue for the State because those lease

expenditures reduce production taxes, but in the long term, increased production should increase revenue to the State.¹

The forecast also shows significant production changes in several units: increases in the Prudhoe Bay and Kuparuk satellite fields, and decreases at the main Prudhoe Bay and Kuparuk fields, as well as Greater Mooses Tooth and Point Thomson. Production from different geographical areas impacts revenue differently because of land ownership (the State receives the most royalty revenue from production on State lands) and because new fields are eligible for a Gross Value Reduction (GVR) for their first three to seven years of production. The GVR reduces production taxes by excluding 20 percent or 30 percent of gross value from tax calculations (although it also limits the per-barrel tax credit to a maximum of \$5 instead of \$8 for non-GVR production). The Fall 2023 forecast shows lower production from non-GVR fields for most of the forecast window, but higher production from GVR-eligible fields in FY25 and beyond.

Altogether, the Fall 2023 revenue forecast marks a significant shift of production to new fields and away from legacy fields. The increase in the price forecast is largely cancelled out in the near term by the shift to GVR-eligible production, but it means that lawmakers may need to reframe their expectations as to what oil prices are needed to sustain State spending. For example, the FY24 Enacted budget had an estimated \$293.2 million surplus based on the Spring forecast. It also had a provision that split the first \$636.45 million of UGF revenue received above the Spring forecast 50/50 between an energy relief payment (to be paid with the FY25 PFD) and the CBR. At the time, LFD estimated that the energy relief payment would kick in above \$73 per barrel and max out (at about \$500 per person) at \$83 per barrel. With the updated revenue forecast, those trigger points have shifted to \$78 and \$90, respectively.



¹ See the Department of Revenue's Willow Project Fiscal Analysis from April 2023 for more details about how this project could impact the State's finances: <https://tax.alaska.gov/programs/documentviewer/viewer.aspx?7321f>

Building the FY25 Budget

FY25 Adjusted Base

The FY25 budget represents a set of changes from the Adjusted Base, which the Legislative Finance Division establishes using the FY24 Enacted budget less one-time appropriations, plus current statewide policy decisions (such as salary adjustments) needed to maintain services at a status quo level.

The FY24 budget included \$165.9 million of one-time items that were backed out in the FY25 Adjusted Base. The largest of these was a one-time additional appropriation to schools for \$87.4 million, to be distributed according to the K-12 formula. Several other items (particularly in the Department of Education and Early Development) were requested by the Governor as permanent items in FY24 but were made one-time items by the legislature.

Salary adjustments in the FY25 Adjusted Base include PERS rate adjustments and health insurance adjustments for most State employees and Cost of Living Adjustments (COLAs) for members of six bargaining units. The COLAs are not automatic and must be approved by the legislature through the budget to take effect, but are in the Adjusted Base because they do not represent a service level change and cannot be taken individually.

The FY25 Adjusted Base includes \$97.0 million in total salary adjustments, of which \$44.5 million are funded with UGF. There are three bargaining units currently negotiating for FY25 that may be included in future Governor's amendments: the Supervisory Unit, the Alaska Correctional Officers Association, and the Labor, Trades and Crafts Unit. (Note that there are already salary adjustments in the budget for the Alaska Correctional Officers Association. That funding reflects a Letter of Agreement from FY24 that gave them a 2 percent increase that was not authorized in the FY24 budget.)

Item	Amount
Public Defender	(1,900.0)
Tourism Marketing	(2,500.0)
AGDC	(3,086.1)
ASMI	(5,000.0)
K-12 Foundation	(87,443.0)
Other Education Items	(17,258.8)
Child Care Benefits	(7,500.0)
Public Assistance	(9,569.9)
Statehood Defense	(5,000.0)
CDVSA	(3,000.0)
AMHS Backstop	(10,000.0)
Other Items	(13,064.3)
Total	(165,322.1)

Salary Adjustment Type	UGF
PERS/JRS Rates	11,036.0
Health Insurance	5,713.2
PSEA COLA 3%	2,548.4
ACOA COLA 2% (FY24)	2,351.5
GGU COLA 5%	16,157.3
CEA COLA 5%	184.4
AVTECA COLA 2.5%	30.8
TEAME COLA 2%	3.8
UA 2.5%	6,130.6
Misc. Adjustments	325.0
Total	44,481.0

Formula	UGF	All Funds
K-12 Foundation	(30,090.3)	(27,242.1)
K-12 Pupil Transportation	(1,973.8)	(1,973.8)
School Debt Reimbursement	(9,201.7)	(9,650.5)
Other Debt Service	(234.6)	15,769.4
State Contributions to Retirement	45,990.2	45,990.2
REAA Fund Capitalization	(919.0)	(919.0)
Total Adjusted Base Formula Adjustments	3,570.8	21,974.2

Additionally, changes to formula programs are also addressed in the Adjusted Base so that policy changes are more clearly distinguished from formula-driven changes in the Governor's Budget. For the K-12 Formula, while Basic Need is increased by \$0.8 million (a \$3.0 million increase due to Pre-K funding in the Alaska Reads Act and a \$2.2 million decrease due to the student count), the State's share

of funding is down by \$27.2 million because of increases to the required local contribution (\$12.2 million) and deductible federal impact aid (\$15.8 million). Retirement contributions are up due primarily to higher PERS and TRS past service costs based on June 30, 2022, valuations. School debt reimbursement continues to decline due to the ongoing (FY16 - FY26) moratorium on new debt.

Governor's FY25 Budget Proposal

The Governor's FY25 budget proposal appears to be a work in progress that will develop through the amendment process. The budget as presented contains no reductions and only a few significant increases, yet significant gaps exist where future increases are likely.

1. Education – in FY24, the legislature appropriated \$175.9 million outside the foundation formula for school districts, but the Governor vetoed that in half to \$87.4 million. The Governor did not put forward a proposal to increase the education formula or additional outside the formula funding, but some amount is likely to be approved, at least matching the amount from FY24. There is also a pending issue with the federal disparity test that could cause State costs to increase by \$89.1 million.
2. Medicaid – the Governor's budget does not contain an increase to Medicaid funding, but the Department of Health stated that the projection will be trued up in a future amendment. Preliminary projections indicate the need for an additional \$22.6 million of UGF.
3. Senior Benefits – the Senior Benefits program will sunset on June 30, 2024 without legislative action. The Governor did not include funding for the program in his budget, deferring it to a fiscal note (which aligns with past legislative practice). However, this means that the final budget will likely be \$20.8 million higher in UGF with that reincorporated.
4. Alaska Energy Authority Electrical Grid Grant – the Alaska Energy Authority (AEA) received a \$206.5 million federal grant to upgrade the Alaska Railbelt electrical grid, but it requires equal matching funds. The funds may be spread over several years, but securing the grant will require a significant investment of general funds. AEA is considering multiple funding options, but the need this legislative session is likely to be \$30.0 - \$35.0 million.
5. Alaska Marine Highway – the Governor's budget request does not change funding levels or sources from the Calendar Year (CY) 24 Enacted budget, but it does not include any backstop funding if federal funding is insufficient. If a similar amount of federal grants are awarded in CY25 as the State expects in CY24, there will be a \$38.0 million shortfall in the CY25 budget.
6. Ongoing Employee Bargaining Negotiations – three unions (Alaska Correctional Officers Association, Alaska Public Employees Association Supervisory Unit, and Labor, Trades and Crafts) are currently negotiating new contracts to begin in FY25. Collectively, these units cover about 4,800 State employees. In addition, AS 39.27.011(m) indicates that the legislature shall increase the salary schedule for partially-exempt employees to match future increases for the supervisory unit. Legislation would be needed to modify the salary schedule set out in statute. This could potentially affect an additional 2,800 employees if exempt employees are included.

Collectively, these items could increase the UGF budget by hundreds of millions of dollars by the time it leaves the legislature.

The Governor's budget has a projected deficit of \$982.3 million based on the Fall revenue forecast, which is filled from a combination of the Statutory Budget Reserve and the Constitutional Budget Reserve.

Agency Operations

The Governor's FY25 budget for agency operations is \$94.9 million above the Adjusted Base. This is a 2.3 percent increase, above the out-year assumption in the Governor's 10-year plan but below LFD's 2.5 percent inflation assumption.

The Agency Narratives section of this publication includes details on the Governor's proposed changes to agency

Governor's FY25 Budget Compared to Adjusted Base				
	Adjusted Base	Governor	Comparison	
Fall Revenue Forecast	6,308.4	6,308.4		
Agency Operations	4,216.7	4,311.6	94.9	2.3%
Statewide Items	351.4	365.0	13.6	3.9%
Capital Budget	360.2	305.2	(55.0)	-15.3%
Perm. Fund Dividend	914.3	2,303.7	1,389.4	152.0%
Total Budget	5,425.5	7,285.4	1,442.9	24.7%
Pre-Transfer Surplus/(Deficit)	465.8	(977.0)		

budgets. Overall, the Governor's budget proposes relatively few major changes to agency budgets. The Departments of Corrections, Education and Early Development, and Public Safety have the largest increases above Adjusted Base, while the Department of Health is the only agency with a UGF decrease from Adjusted Base.

Statewide Items

The Governor funds statewide items to their statutory levels, including the PFD, which is estimated to be \$2.3 billion, paying about \$3,600 per recipient. The increase over the Adjusted Base (25 percent of the POMV draw from the Permanent Fund) is about \$1.4 billion; additionally, the FY24 energy relief deposit would be paid out in FY25 although the funds would be deposited at the end of FY24. That amount is estimated to be \$110.6 million, adding about \$175 per person to the FY25 PFD.

Another item of note is the Community Assistance program. The Governor vetoed a \$30.0 million UGF deposit into the fund in FY24 but is proposing a \$30.0 million deposit in FY25 (of which \$27.8 million is from the PCE Fund and \$2.2 million is UGF). Without a supplemental appropriation, the FY25 payments to local governments would be \$20.0 million (one-third of the balance at the end of FY24). With the \$30.0 million deposit in FY25, the FY26 payments would equal \$23.3 million.

More discussion of statewide items can be found in the Operating Language section of this publication.

Capital Budget

The Governor's FY25 capital budget request totals \$305.2 million of UGF, down from \$359.8 million in the FY24 budget. Half of the UGF in the Governor's capital budget is used for federal match. For more details on the capital budget, see the Capital Budget Overview section of this publication.

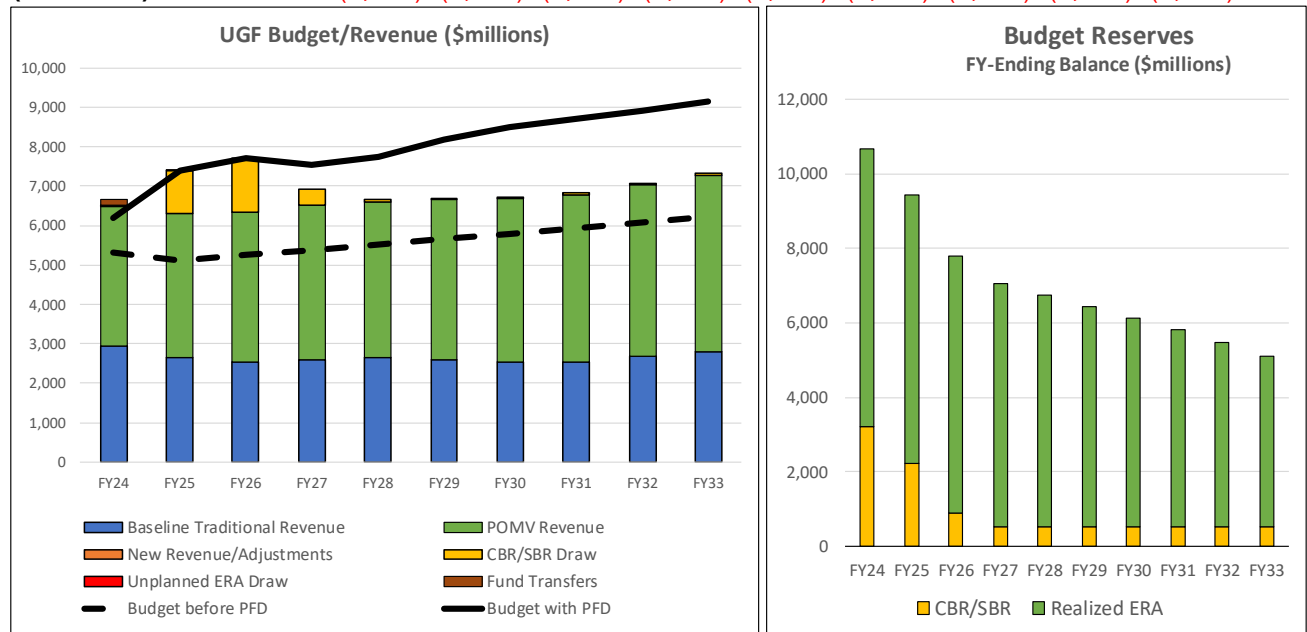
Long-Term Fiscal Outlook

LFD Baseline Fiscal Projections

For the long-term baseline scenario, the Legislative Finance Division's fiscal model reflects current statutes and expenditures growing with inflation. It uses the FY25 Adjusted Base, growing with inflation of 2.5 percent per year (including in FY25), with all statewide items (including the Permanent Fund Dividend) funded at their statutory level. Any policy or statutory changes can therefore be compared to this neutral baseline to see their effect on the fiscal situation.

LFD Baseline	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Agency Operations	4,322.1	4,430.2	4,540.9	4,654.4	4,770.8	4,890.1	5,012.3	5,137.6	5,266.1
Statewide Items	365.0	388.2	403.1	425.7	432.7	442.5	444.9	458.4	471.4
Capital Budget	368.8	378.0	387.5	397.2	407.1	417.3	427.7	438.4	449.3
Supplementals	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
PFDs	2,283.3	2,469.4	2,158.9	2,220.8	2,507.6	2,680.3	2,727.6	2,763.4	2,787.8
Total Budget	7,389.2	7,715.8	7,540.3	7,748.0	8,168.1	8,480.2	8,662.5	8,847.8	9,024.7

Surplus/(Deficit) (\$millions)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
	339	(1,081)	(1,388)	(1,012)	(1,134)	(1,522)	(1,813)	(1,910)	(1,880)	(1,871)



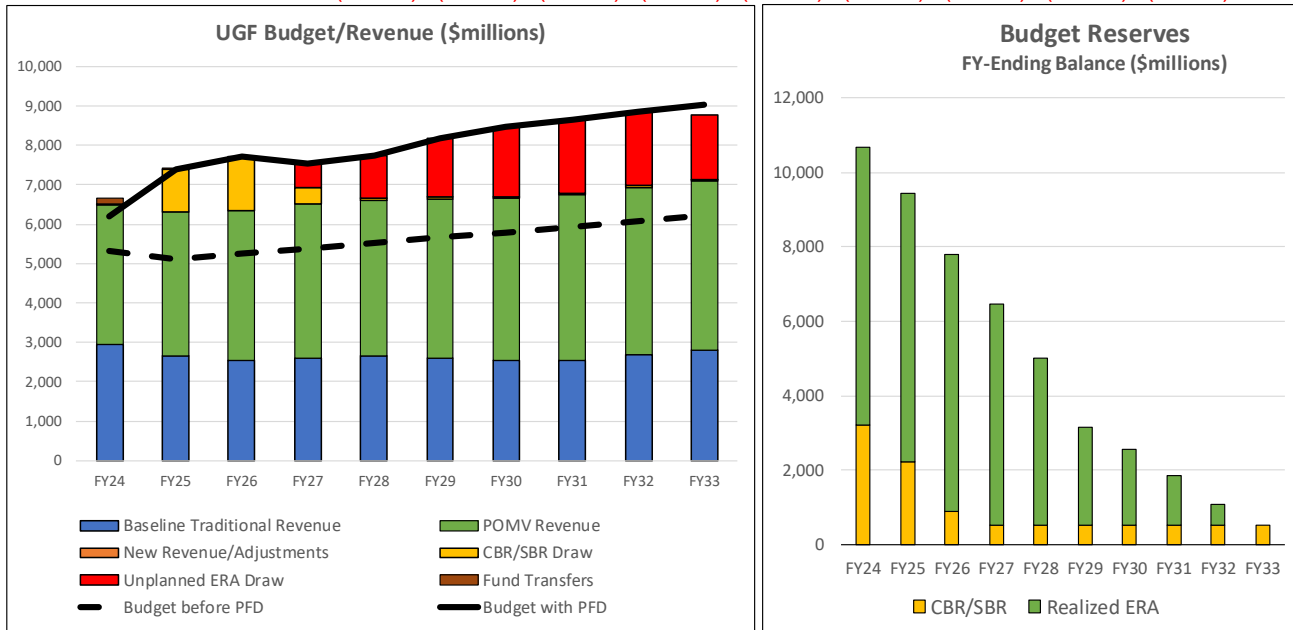
	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PFD/Person	\$1,312	\$3,654	\$3,731	\$3,241	\$3,333	\$3,772	\$4,042	\$4,140	\$4,243	\$4,352

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

LFD’s baseline projection shows a deficit of \$1.1 billion in FY25, increasing to a peak of over \$1.9 billion in FY31. This baseline does not include any deficit-filling draws from the ERA and leaves a \$500.0 million balance in the CBR for cashflow; the gap between the revenue bars on the graph on the left and the budget line represents an unfilled deficit.

If deficits are filled from the ERA, deficits would increase from the baseline scenario due to compounding effects, and by FY33, there would not be sufficient funds in the ERA to fill the entire deficit.

Surplus/(Deficit) (\$millions)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
	339	(1,081)	(1,388)	(1,012)	(1,134)	(1,524)	(1,820)	(1,928)	(1,914)	(1,928)



	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.77%	6.38%	6.85%	7.17%	7.26%	7.21%
PFD/Person	\$1,312	\$3,654	\$3,731	\$3,241	\$3,333	\$3,765	\$4,017	\$4,079	\$4,127	\$4,156

These models demonstrate that there is a continued structural budget deficit. The legislature could choose to fill this deficit from any combination of spending reductions (including Permanent Fund Dividends, as it has done in recent years) and new revenue.

Comparison of Governor’s 10-Year Plan to LFD Baseline

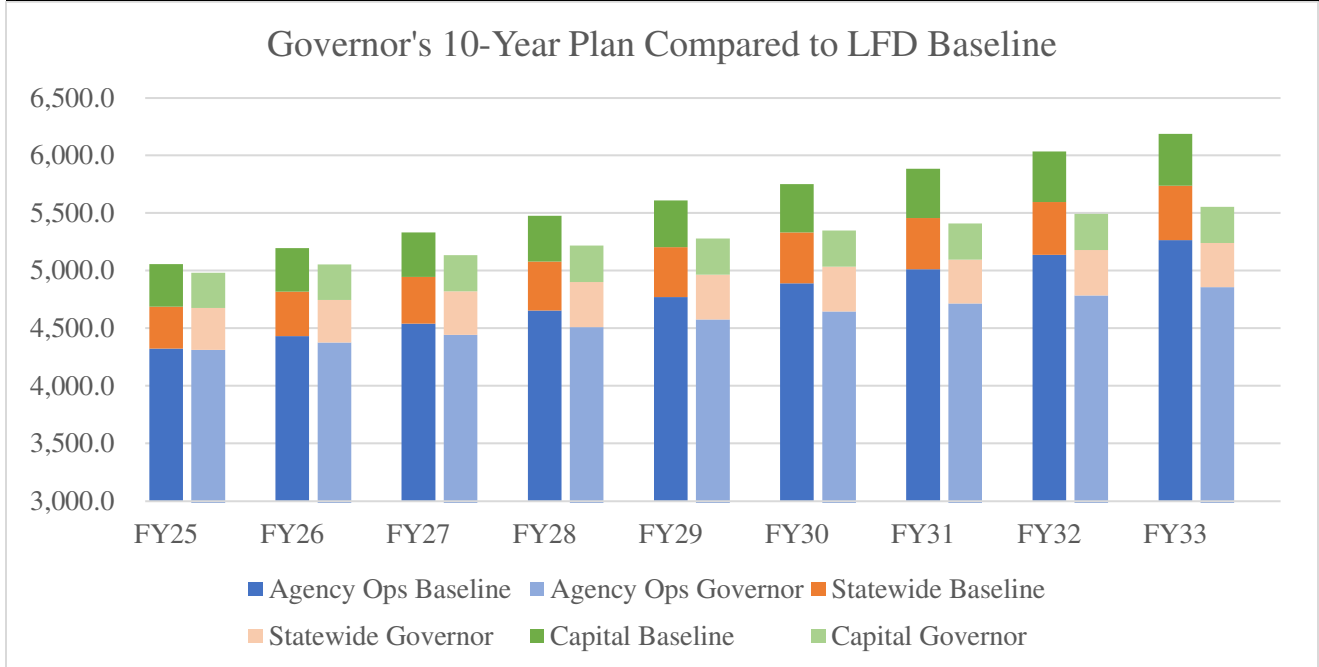
The Governor is required by AS 37.07.020(b) to “submit a fiscal plan with estimates of significant sources and uses of funds for the succeeding 10 fiscal years.” The plan “must balance sources and uses of funds held while providing for essential state services and protecting the economic stability of the state,” among other requirements.

The 10-Year Plan submitted by the Governor on December 14, 2023, does not comply with this statutory requirement: the CBR is drawn below zero in FY27 and down to *negative* \$10.6 billion at the end of the 10-year window in FY34.

The Governor's 10-Year Plan does make two policy changes compared to LFD's modeling baseline: agency operations and the capital budget grow at 1.5 percent per year instead of with inflation. Second, Community Assistance is not funded with UGF, while LFD projects that an average of \$13.6 million of UGF would be needed in combination with PCE funds to make the statutory \$30.0 million annual deposits.

The Governor's 10-Year Plan also has three non-policy choice assumption differences from LFD's modeling. The Governor assumes zero supplemental appropriations (net of any lapsing appropriations), while LFD assumes \$50 million per year based on historical averages. The Governor also assumes that no new school debt will be authorized even after the program resumes in 2025, while LFD assumes that \$7.8 million per year of new debt will be added annually based on historical averages. This assumption also influences the REAA Fund deposit, which changes proportionally to school debt payments. Finally, the Fall 2023 Revenue Sources Book uses draft numbers from the Alaska Permanent Fund Corporation that do not match their current projections; LFD uses figures from the November 2023 History and Projections Report, which show higher POMV draws than the Governor's 10-Year Plan.

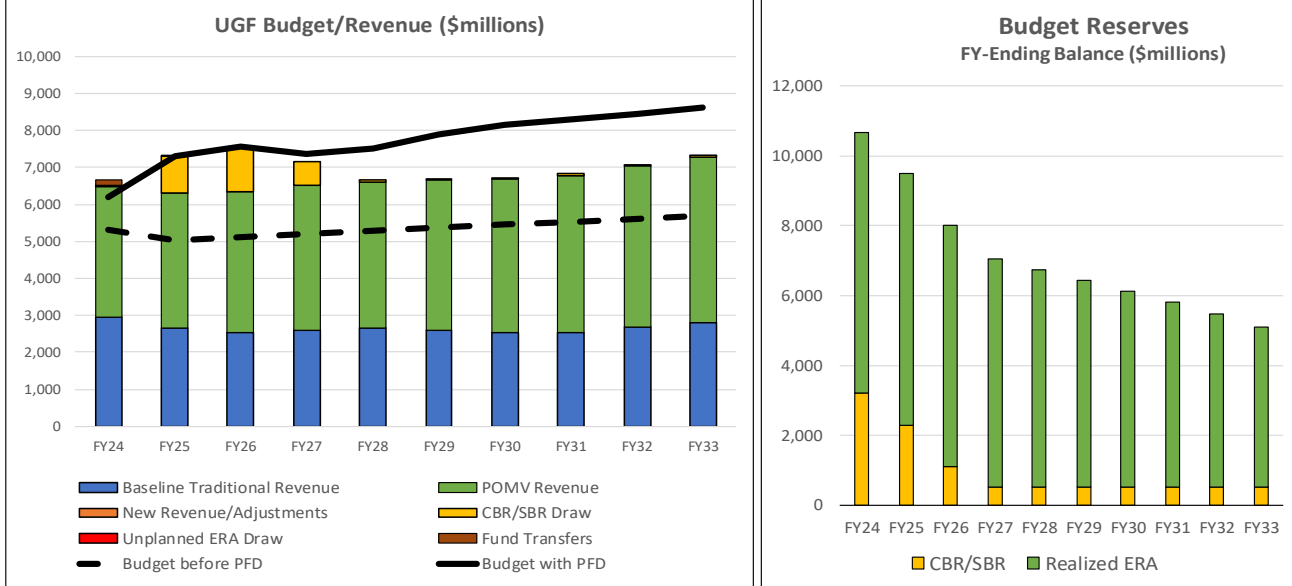
Comparison of Governor's 10-Year Plan Budget Figures to LFD Baseline									
	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Baseline	5,105.9	5,246.4	5,381.5	5,527.3	5,660.5	5,799.8	5,934.9	6,084.4	6,236.8
Governor	4,981.8	5,054.7	5,135.4	5,216.7	5,279.0	5,347.8	5,409.1	5,492.1	5,553.1
Difference	(124.1)	(191.7)	(246.0)	(310.6)	(381.5)	(452.0)	(525.8)	(592.2)	(683.7)



This model shows the policy proposals in the Governor's 10-Year Plan (the lower growth rates and partial funding of Community Assistance) in LFD's model, without any deficit-filling draws that would draw the CBR below zero. Despite the assumption differences, the policy choices in the Governor's 10-Year Plan result in a similar outcome in LFD's model as in the plan itself: persistent deficits and a depleted CBR in FY27. This model shows unfilled deficits of \$1.0 billion in FY25 increasing to over \$1.5 billion in FY31.

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

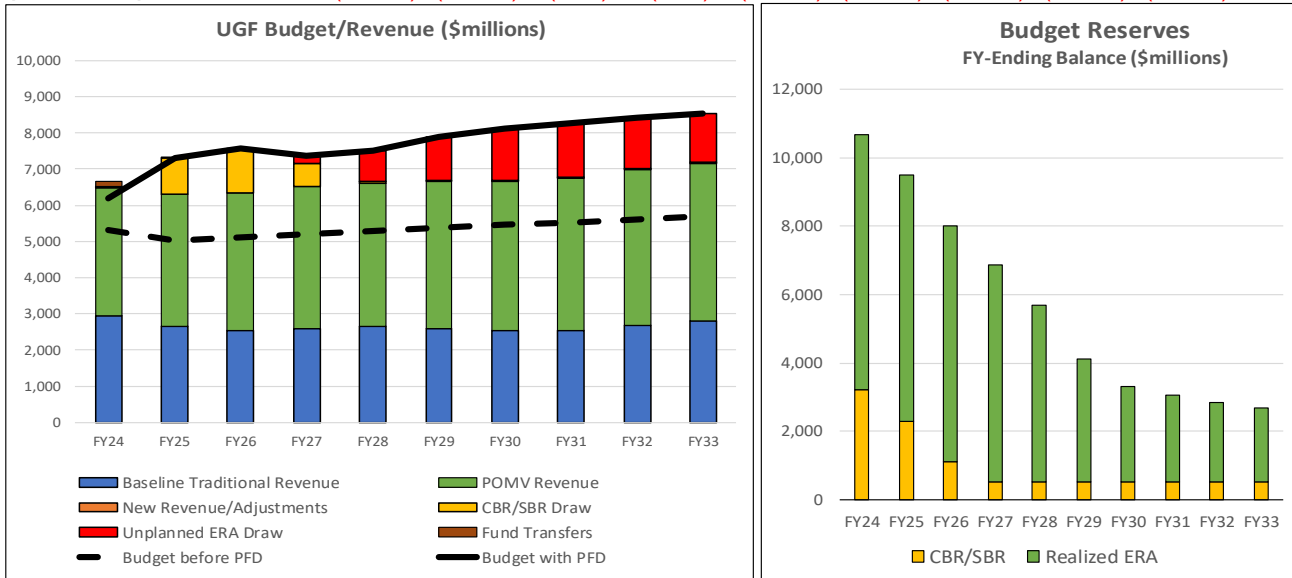
Surplus/(Deficit) (\$millions)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
	339	(1,007)	(1,250)	(823)	(893)	(1,227)	(1,463)	(1,503)	(1,413)	(1,341)



	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PFD/Person	\$1,312	\$3,654	\$3,731	\$3,241	\$3,333	\$3,772	\$4,042	\$4,140	\$4,243	\$4,352

The Governor's 10-Year Plan shows continued draws on the CBR even after the balance goes negative. If the deficits are made up from the ERA instead, the compounding effect of those overdraws would result in larger deficits.

Surplus/(Deficit) (\$millions)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
	339	(1,007)	(1,250)	(823)	(893)	(1,228)	(1,467)	(1,514)	(1,436)	(1,382)



	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.25%	6.08%	6.48%	6.74%	6.76%	6.64%
PFD/Person	\$1,312	\$3,654	\$3,731	\$3,241	\$3,333	\$3,769	\$4,029	\$4,101	\$4,164	\$4,214

Constitutional and Statutory Appropriation Limits

Alaska has two appropriation limits: a limit in Article IX, Section 16 of the Alaska Constitution, and another in AS 37.05.540(b). Both limits factor in changes in inflation and population that can only be estimated ahead of time, so these figures may change when actual inflation and population changes are known.

The constitutional limit is binding, but the statutory limit can be (and has been) exceeded through the appropriations process.

Expenditures Subject to the Limits

Article IX, Section 16 and AS 37.05.540(b) both set out exclusions from the limit that are both *sources of money* and *uses of money*. Excluded sources are:

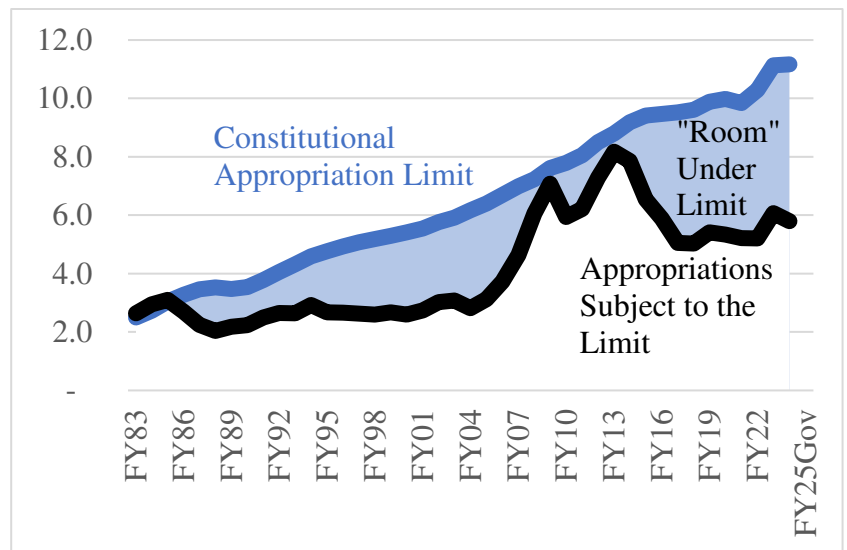
- Proceeds of revenue bonds
- Money held in trust for a specific purpose (this includes all federal funding and most “Other” funds)
- Corporate revenues

Excluded purposes are:

- Permanent Fund Dividends
- General obligation and revenue bond interest
- Appropriations to the Permanent Fund
- Appropriations to meet a state of disaster

Calculating the Constitutional Limit

The constitutional appropriation limit is equal to \$2.5 billion times the cumulative change in population and inflation since July 1, 1981. Based on the way the limit has been calculated by the executive branch in the Annual Comprehensive Financial Report (ACFR), we estimate that in FY24 the limit will be \$11.2 billion and in FY25 the limit will be \$11.5 billion.² This is based on actual changes in inflation and



² This ACFR calculates the adjustment for inflation and population by multiplying the two factors together; an alternative approach would be to add the changes together (the Anchorage tax cap is worded identically to the State limit but is calculated in this way, for example). Under this alternative calculation, the limit would be \$8.3 billion in FY24 and \$8.5 billion in FY25.

population through FY23, a 2.5% inflation assumption, and the Department of Labor's population growth assumption.

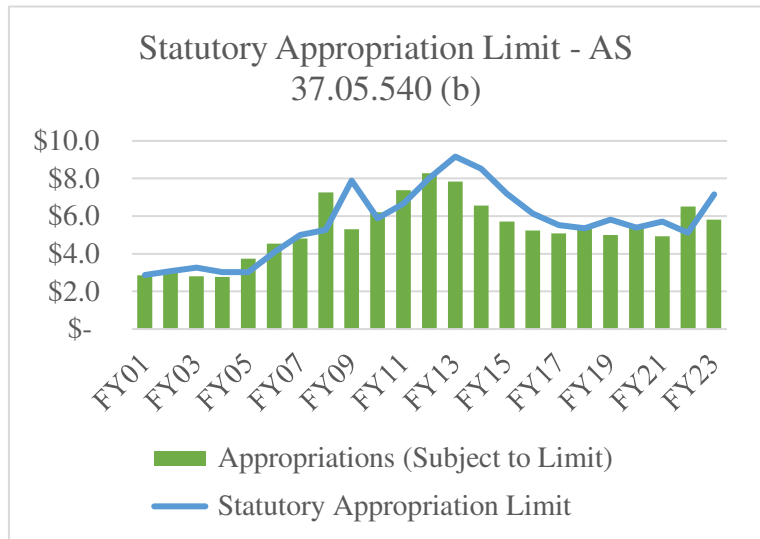
The enacted FY24 budget subject to the limit was \$5.8 billion, \$5.4 billion below the estimated appropriation limit. The Governor's proposed FY25 budget subject to the limit is \$5.5 billion, \$6.0 billion below the estimated appropriation limit.

Calculating the Statutory Limit

While the constitutional limit applies to expenditures *for* a fiscal year, the statutory limit applies to appropriations *made in* a fiscal year, regardless of what year they were effective (essentially, it compares appropriations from one session to the next). Appropriations in a fiscal year may not exceed the appropriations made in a previous fiscal year by more than 5% plus the change in inflation and population.

Appropriations made in FY23 subject to the limit were \$5,817.3 million. Based on the same inflation and population assumptions used for the constitutional limit, that would allow for appropriations of \$6,610.2 million in FY24.

The Governor's proposed budget subject to the limit totals \$5,565.9 million, but that does not yet include supplemental appropriations (which are due on the 15th legislative day) or amendments. This means that \$1,044.3 million remains under the statutory appropriation limit.



Revenue Requirements of the State

AS 24.20.231(2) provides that the Legislative Finance Division analyze the revenue requirements of the State. As the above sections indicate, Alaska still faces a structural budget deficit, and increasing revenue is one option to close that deficit. The following section provides a brief analysis along with potential revenue sources and any issues therein.

New Revenue Options

To introduce additional revenue, the State could increase existing taxes or impose new ones. Alaska is the only state without a statewide broad-based tax, so existing taxes are primarily resource-based taxes or excise taxes on certain consumer items such as motor fuels, alcohol, and tobacco. Increasing existing taxes may cause Alaska to have higher rates than other states, but increases could bring in revenue quickly with minimal administrative costs. New taxes would take longer to set up and would require additional administrative costs. However, significant revenue could be generated with new broad-based taxes.

The following options are reflective of common practice in other states, and do not constitute a policy recommendation. Equity, economic impacts, efficiency, and other considerations are not presented here but should be addressed if the legislature chooses to explore revenue options.

Modify Existing Taxes

Oil and Gas Production Tax

Alaska's oil and gas production tax is projected to bring in \$642.4 million in FY25. Oil prices are highly variable, and the production tax's complex structure adds further volatility. The tax features a two-tiered structure, with a net tax and an alternative gross tax "floor." Proposals aimed at only one component may not impact revenue at all price levels. For instance, DOR estimates that capping the per-taxable barrel credit at \$5 would increase revenue by roughly \$450 million at \$80/barrel but would have no revenue impact at \$40/barrel. Past proposals to increase this tax have included raising the tax "floor" from 4% of gross revenue to 5% or higher; eliminating the per-taxable barrel credit; or more complex changes proposed in Ballot Measure 1, which failed to pass in 2020.

The revenue impact of production tax changes is highly dependent on oil prices. At low oil prices, increasing the minimum tax would have a positive revenue impact but modifying the per-taxable barrel credit would have no impact. At higher prices, the reverse is true. The legislature should be mindful of this impact when assembling a fiscal plan to ensure that the plan can survive lower oil prices.

Corporate Income Tax

The petroleum and non-petroleum corporate income taxes are projected to bring in a combined \$460.0 million in FY25. Alaska's 9.4% top marginal rate is the fourth highest in the nation. Alaska is one of two states with a corporate income tax but no individual income tax (along with Florida), which results in C-Corporations paying taxes but S-Corporations not paying taxes (as their income flows through to the owners and personal income is not taxed). The Department of Revenue (DOR) estimates that taxing S-Corporations at the same rates as C-Corporations would raise \$131 million in the first full year administered. Another potential change would be to decouple Alaska's tax code from the federal code, which would eliminate unanticipated shifts in revenue due to changes in federal tax law (such as

provisions in the federal CARES Act which allowed taxpayers to carryback losses against past tax liabilities).

Other Resource Taxes

Alaska's Mining License Tax is estimated to bring in \$29.1 million in FY25. The Fisheries Business and Fishery Resource Landing taxes are estimated to bring in \$23.3 million in UGF revenue and an additional \$25.0 million that is shared with municipal governments. National comparisons for these taxes are difficult.

Excise Taxes

Alaska imposes excise taxes on several consumer goods. The largest of these are:

- Tobacco taxes: Estimated FY25 revenue is \$47.3 million, of which \$32.2 million is UGF and \$15.1 million is DGF. Alaska's cigarette tax of \$2 per pack ranks 19th nationwide. The tax on other tobacco products is 75% of the wholesale price, which ranks 8th nationwide.
- Alcoholic beverage tax: \$42.6 million, split equally between UGF and DGF. Alaska's tax is designed to tax all alcoholic beverages equally on a per-drink basis. The \$12.80 per gallon tax on liquor ranks 9th nationwide. The \$2.50 per gallon tax on wine and \$1.07 per gallon tax on beer are both second highest in the country.
- Motor fuel tax: \$33.5 million, all DGF. Alaska's \$0.08 per gallon tax on highway fuel ranks 50th nationwide. Tripling Alaska's tax to the national median of \$0.24 would bring in an additional \$66 million.
- Marijuana taxes: \$27.7 million, of which \$6.9 million is UGF and \$20.8 million is DGF. Alaska taxes \$50/ounce for flowers, \$15/ounce for stems and leaves, and \$25/ounce for immature flowers/buds. National comparisons are challenging because many states have a mix of per-ounce and excise taxes. Twenty-four states either have in place or are implementing permitting and taxation of recreational marijuana.

New Taxes

Income Tax

Income is taxed in 41 states (not including New Hampshire or Washington, which only tax income from specific sources). Of these, 30 have progressive income taxes, and the remaining 11 have flat taxes. Alaska had an income tax from statehood until 1980, when it was repealed. At the time of its repeal, Alaska's income tax brackets ranged from 3% to 14.5% and brought in \$117 million in FY79. Adjusted for inflation and population, that is the equivalent of about \$700 million in 2022.

DOR estimates an individual income tax levied at 10% of federal income tax liability would generate \$350 million in the first full year administered. Using federal income tax liability would be consistent with Alaska's existing corporate income tax. However, most other states levy individual income taxes based on federal Adjusted Gross Income (AGI). LFD estimates an individual income tax based on 3% of AGI, with no exemptions or deductions, would generate roughly \$1 billion in the first full year administered.

Sales Tax

Statewide sales taxes exist in 45 states, while four states have no state or local sales tax. Alaska is the only state that has no statewide sales tax but allows for the collection of local sales taxes. Of the 45 states with a statewide sales tax, 37 have additional municipal sales taxes. In Alaska, sales taxes may be levied at the city or borough level. As of 2022, 107 of Alaska's 129 taxing municipalities imposed sales taxes, at rates ranging from 1% to 7%.

DOR estimates a broad-based 4% sales tax including all services and business to business exempting only prescription drugs, medical equipment, and business-to-business purchases to resale, would generate \$1.28 billion in the first full year administered. DOR estimates that a 4% sales tax styled on Wyoming's sales and use tax would generate \$619 million in the first full year administered. This tax would exempt groceries, prescription medicine, medical equipment, and some business-to-business sales and services.

Property Tax

All 50 states have property taxes that are applied by either state or local governments. Alaska has a statewide property tax for oil and gas property, but other property is taxed only at the municipal level. Fifteen of Alaska's nineteen boroughs levy personal property taxes. Additionally, nine cities located outside of boroughs levy a property tax. Some boroughs rely very heavily on property tax revenue, and Alaska's average property tax burden ranks 21st nationwide despite not being universally applied.

Alaska could impose a statewide property tax that excludes oil and gas property. Implementing such a tax would be administratively challenging because property values would have to be determined in any area of the state that does not already have a property tax. Unlike most states, Alaska does not require that real estate sale prices be reported publicly to ensure accurate assessments, although some municipalities do.

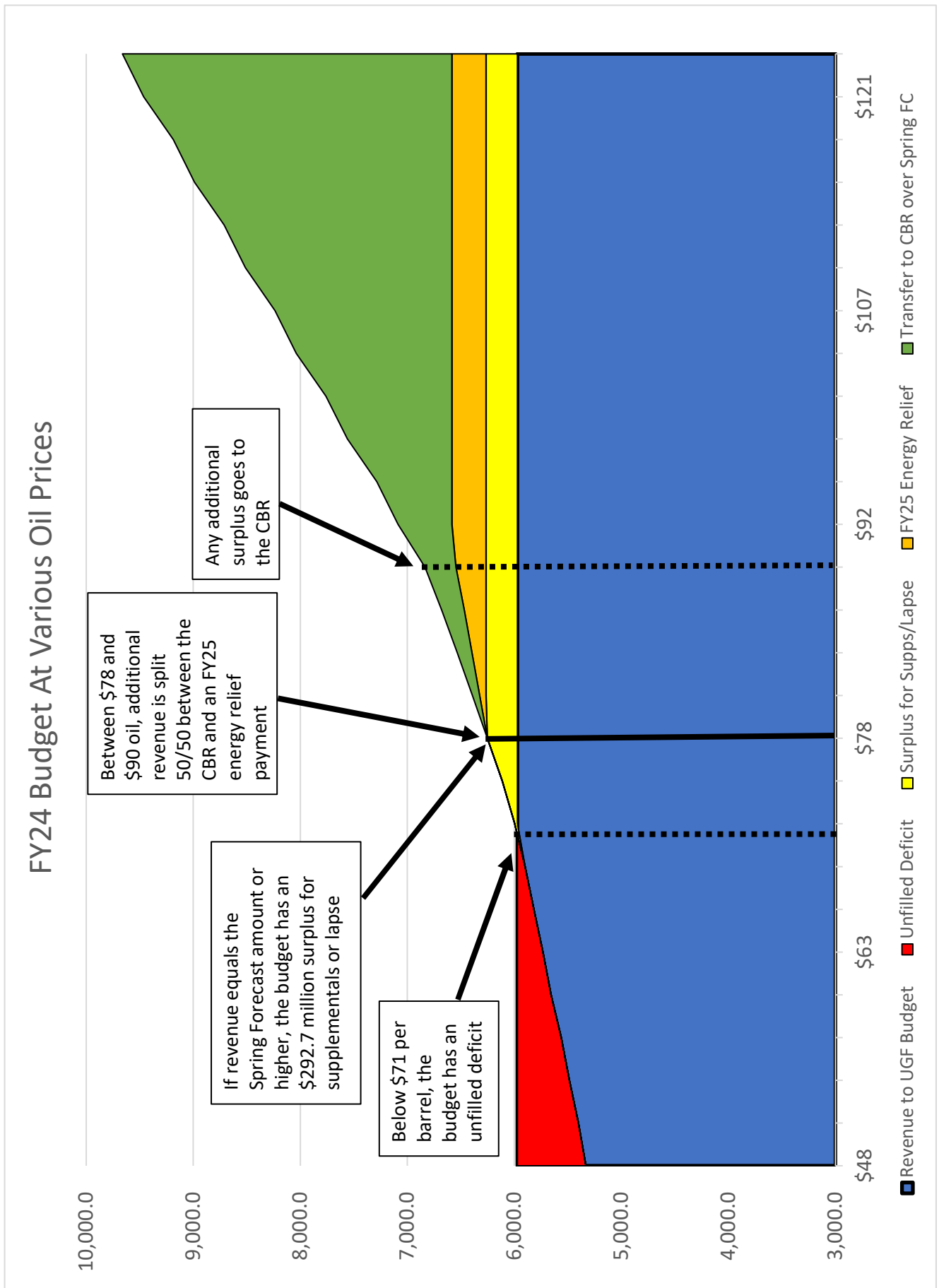
DOR estimates that a tax on all in-state property of 0.1% (10 mills) of assessed value would generate \$117.5 million in the first full year administered.

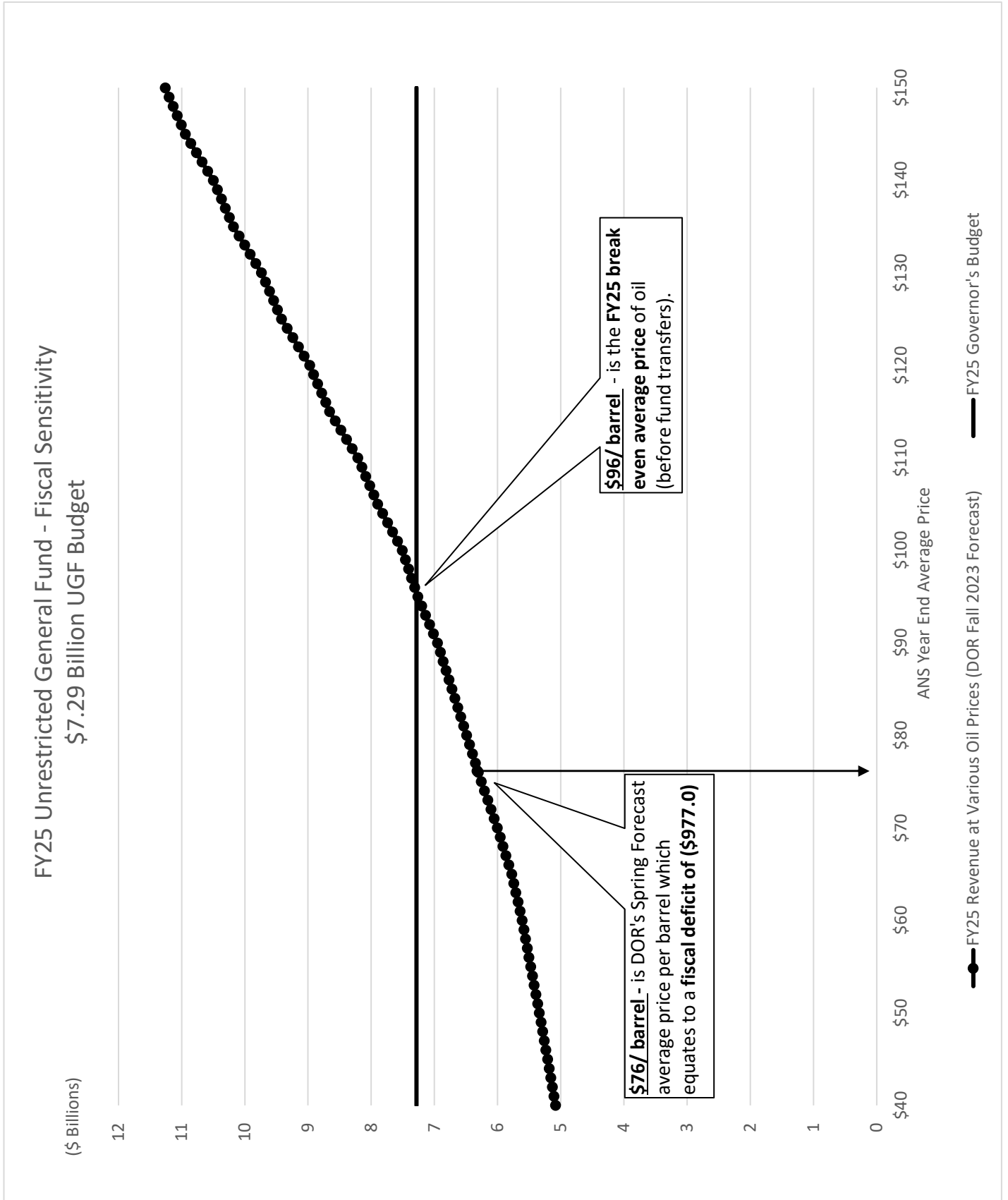
Payroll Tax or Head Tax

Alaska had a \$10 per worker "head tax" to pay for a portion of the education budget until its repeal in 1980. Such taxes are a flat amount per person rather than a percentage of income. No other state currently imposes a head tax.

Several pieces of legislation have proposed graduated head taxes or other payroll taxes. Such taxes could build on the existing payroll tax administered for workers' compensation so they could be implemented with fewer additional resources. However, these taxes would have a narrower base than an income tax because they exclude dividend and investment income, so their revenue-raising potential is more limited.

DOR estimates a \$30 payroll tax on all resident and nonresident workers in Alaska would generate \$13.5 million in the first full year administered. DOR estimated the initial implementation cost to be \$11 million, with an additional \$0.8 million in annual administration costs.





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Operating Budget Language

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Language Sections of the Governor's FY25 Operating Budget

Deleted Sections: FY23 Supplemental Appropriations and FY24 Capital Appropriations

(HB 39 Sections 20-50)

Legislative Fiscal Analyst Comment: The Governor typically submits separate bills requesting supplemental and capital appropriations. During the 2023 legislative session, all supplemental and capital appropriations were rolled into the operating bill.

The Governor's operating bill includes some FY24 supplemental requests (**Sections 7 through 10** below). Supplemental requests are typically submitted as a group by the 15th day of each session, as outlined in AS 37.07.070 and AS 37.07.100.

Sec. 7. SUPPLEMENTAL DEPARTMENT OF ADMINISTRATION.

New Subsections

(a) Section 4(b), ch. 1, SLA 2023, is amended to read:

(b) The sum of \$825,000 is appropriated from the general fund to the Department of Administration, legal and advocacy services, office of public advocacy, to address case backlogs for the fiscal years ending June 30, 2023, [AND] June 30, 2024, and June 30, 2025.

(b) Section 4(d), ch. 1, SLA 2023, is amended to read:

(d) The sum of \$750,000 is appropriated from the general fund to the Department of Administration, legal and advocacy services, public defender agency, to address case backlogs for the fiscal years ending June 30, 2023, [AND] June 30, 2024, and June 30, 2025.

Subsections (a) and (b) extend FY23-FY24 Multiyear appropriations to the Office of Public Advocacy and the Public Defender Agency through FY25.

(c) The unexpended and unobligated balance, estimated to be \$800,000, of the appropriation made in sec. 1, ch. 1, FSSLA 2023, page 4, line 8, and allocated on page 4, line 10 (Department of Administration, legal and advocacy service, public defender agency - \$39,945,900) is reappropriated to the Department of Administration for contractual caseload stabilization to allow the public defender agency to keep pace with case appointments for the fiscal year ending June 30, 2025.

Subsection (c) reappropriates the lapsing balance of FY24 appropriations to the Public Defender Agency, estimated to be \$800,000, to the Agency for FY25.

(d) The sum of \$411,000 is appropriated from the general fund to the Department of Administration, legal and advocacy services, office of public advocacy to address case backlogs for the fiscal years ending June 30, 2024, and June 30, 2025.

Subsection (d) appropriates \$411,000 as an FY24 - FY25 Multiyear appropriation to the Office of Public Advocacy to address case backlogs. The Governor's transaction for this item identifies three temporary positions that will be funded with this.

Deleted Subsection

The unexpended and unobligated balance of the 32(n) motor vehicle fund (AS 28.11.110) on June 30, 2023, estimated to be \$110,000, is appropriated to the Department of Administration, division of motor vehicles, for the purpose of reimbursing municipalities for the costs of removing abandoned vehicles from highways, vehicular ways or areas, and public property for the fiscal years ending June 30, 2023, and June 30, 2024.

The **deleted section** appropriated the balance of the Abandoned Motor Vehicle Fund to the Department of Administration to fulfill the purposes outlined in AS 28.11.110. The Governor capitalizes the fund in **Section 32(n)** but omitted the appropriation out of the fund.

Legislative Fiscal Analyst Comment: An appropriation out is required to spend from this fund to avoid a dedicated fund because revenue from the sale of abandoned vehicles collects in the fund without appropriation.

Legislative Fiscal Analyst Recommendation: Add this section back if the transfer in **Section 32(n)** is retained.

Sec. 8. SUPPLEMENTAL DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT.

New Subsection

The sum of \$3,000,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, community and regional affairs, to provide grant funding to food banks and food pantries across Alaska.

Section 8 appropriates \$3 million in grant funding to food banks and food pantries as an FY24 supplemental appropriation.

Legislative Fiscal Analyst Comment: Unless there is a fast track supplemental bill, this appropriation likely will not be in effect until June, with just weeks to spend the money. This item may be more effective as a Multiyear appropriation.

Deleted Subsection

Section 27(h), ch. 1, SSSLA 2017, is amended to read:

(h) The sum of \$55,000,000 is appropriated from the Alaska comprehensive health insurance fund (AS 21.55.430) to the Department of Commerce, Community, and Economic Development, division of insurance, for the reinsurance program under AS 21.55 for the fiscal years ending June 30, 2018,

June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, [AND] June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, June 30, 2027, and June 30, 2028.

The **deleted section** extended an appropriation from the Alaska Comprehensive Health Insurance fund through FY28 due to a federal reauthorization of the program. An estimated \$53.5 million of the original \$55.0 million remains. These funds are necessary per the program's terms with the federal government, which require the State to pay for costs that exceed available federal funds.

Sec. 9. SUPPLEMENTAL OFFICE OF THE GOVERNOR.

New Subsection

The sum of \$2,500,000 is appropriated from the general fund to the Office of the Governor, division of elections for a statewide ranked choice voting educational campaign for the fiscal years ending June 30, 2024, and June 30, 2025.

Section 9 provides an FY24 - FY25 Multiyear appropriation to the Division of Elections for a ranked choice voting educational campaign.

Legislative Fiscal Analyst Comment: The Division received a \$4.3 million FY22 - FY23 Multiyear appropriation that included \$3.0 million for a similar purpose in advance of the 2022 election.

Deleted Subsection

(a) Section 65(b), ch. 1, SSSLA 2021, is amended to read:

(b) The sum of \$950,000 is appropriated from the general fund to the Office of the Governor, elections, for implementation of the Alaska redistricting proclamation, for the fiscal years ending June 30, 2022, [AND] June 30, 2023, June 30, 2024, and June 30, 2025.

The **deleted section** extended an FY22-23 Multiyear appropriation through FY25.

(b) After the appropriations made in secs. 63(c) - (e), ch. 11, SLA 2022, the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2023, not to exceed \$5,000,000, is appropriated to the Office of the Governor, office of management and budget, for distribution to central services agencies that provide services under AS 37.07.080(e)(2) in the fiscal years ending June 30, 2023, and June 30, 2024, if receipts received from approved central services cost allocation methods under AS 37.07.080(e)(2)(B) fall short of the amounts appropriated in this Act.

The **deleted section** appropriated up to \$5 million of lapsing FY23 appropriations to be available in FY24 for the purpose of providing funds to central service agencies if their rates provided insufficient revenue. **Section 27(b)** provides similar funding for FY26, utilizing lapsing funds from FY25.

Legislative Fiscal Analyst Comment: This ~~deleted section and Section 27(b)~~ provided funding for FY23 and FY24, but not FY25. The Governor's Office indicated that a future supplemental request will add a similar appropriation utilizing FY24 revenue for use in FY25.

New Section

Sec. 10. SUPPLEMENTAL DEPARTMENT OF HEALTH. The sum of \$8,829,200 is appropriated to the Department of Health, public assistance field services, to address the backlog associated with Supplemental Nutrition Assistance Program (SNAP) applications, for the fiscal year ending June 30, 2024, from the following sources:

- (1) \$6,078,200 from the unrestricted general fund;
- (2) \$2,751,000 from federal receipts.

Section 10 appropriates \$6.1 million of UGF and \$2.8 million of Federal receipts to address the ongoing backlog of Supplemental Nutrition Assistance Program (SNAP) applications as an FY24 supplemental appropriation.

Legislative Fiscal Analyst Comment: The Division of Public Assistance is concurrently addressing both an ongoing SNAP backlog and Medicaid redeterminations required by the federal government.

In SLA 2023, the legislature approved an FY23 supplemental appropriation for both purposes with \$3.7 million of Federal authority and \$3.1 million of General Fund Match, including 30 temporary positions. The legislature also approved an FY24 - FY25 Multiyear appropriation of \$8.9 million each of Federal authority and UGF for Medicaid redeterminations. In FY25, the Governor's budget includes an increment of \$897.4 in Federal authority and \$862.3 of UGF; it also makes 20 of the 30 positions permanent.

This request could be a numbers section supplemental item and appears to be in the language section because this bill does not have a supplemental numbers section.

Sec. 11. COSTS OF JOB RECLASSIFICATIONS. The money appropriated in this Act includes the amount necessary to pay the costs of personal services because of reclassification of job classes during the fiscal year ending June 30, 2025.

Legislative Fiscal Analyst Comment: This section was added by the legislature many years ago in response to agency requests for supplemental appropriations to cover the costs of reclassifying selected job classes that the legislature was not informed of in advance. The section clarifies that the cost of reclassifying positions is to be absorbed in an agency's existing budget.

Sec. 12. ALASKA AEROSPACE CORPORATION. Federal receipts and other corporate receipts of the Alaska Aerospace Corporation received during the fiscal year ending June 30, 2025, that

exceed the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Corporation for operations for the fiscal year ending June 30, 2025.

Section 12 is intended to maximize the Alaska Aerospace Corporation's (AAC) ability to attract launch activity by eliminating all questions regarding their ability to accept and spend receipts in a timely manner.

Funding: In FY25, the estimated impact of this section is zero. From FY12 through FY15, the AAC received general fund appropriations for operating and maintenance costs. All general funds were eliminated in FY16. There are no changes to the level of authorization requested in the FY25 Governor's budget.

Sec. 13. ALASKA COURT SYSTEM. The amount necessary, estimated to be \$0, not to exceed \$75,000, is appropriated from the general fund to the Judiciary, Commission on Judicial Conduct, for special counsel costs for the fiscal year ending June 30, 2025.

Section 13 appropriates up to \$75,000 to the Commission on Judicial Conduct for special counsel costs. This language was added by the legislature in the FY24 budget, replacing a numbers section appropriation of \$27,000, and is retained in the Governor's FY25 request.

Funding: The estimated impact of this section is zero because special counsel costs are seldom incurred.

Sec. 14. ALASKA HOUSING FINANCE CORPORATION. (a) The board of directors of the Alaska Housing Finance Corporation anticipates that \$47,910,000 of the adjusted change in net assets from the second preceding fiscal year will be available for appropriation for the fiscal year ending June 30, 2025.

Subsection (a) is not an appropriation; it merely specifies the amount of corporate receipts that will be made available to the State as a return of capital (commonly called a dividend). The amounts available for dividends in FY22, FY23, and FY24 were \$42.6 million, \$26.6 million, and \$23.4 million, respectively.

Legislative Fiscal Analyst Comment: The statutory dividend is the lesser of \$103.0 million or 75 percent of the Alaska Housing Finance Corporation's (AHFC's) change in net assets in the most recently completed fiscal year [AS 18.56.089(c)]. The FY25 dividend, which is based on FY23 performance, returns to the level of the FY21 and FY22 dividends after a two-year dip caused by low interest rates (on mortgages and investments).

(b) The Alaska Housing Finance Corporation shall retain the amount set out in (a) of this section for the purpose of paying debt service for the fiscal year ending June 30, 2025, in the estimated amount of \$3,520,000 for debt service on the bonds authorized under sec. 4, ch. 120, SLA 2004.

Subsection (b) makes no appropriation; it informs the legislature that AHFC will retain \$3.7 million of the FY25 dividend in order to pay debt service on two capital projects for which

AHFC issued debt on behalf of the State, as authorized by past legislatures, leaving \$44.4 million.

(c) After deductions for the items set out in (b) of this section and deductions for appropriations for operating and capital purposes are made, any remaining balance of the amount set out in (a) of this section for the fiscal year ending June 30, 2025, is appropriated to the general fund.

Subsection (c) appropriates any unappropriated portion of the dividend to the general fund. After subtracting the debt service listed in subsection (b), the net dividend is \$44.4 million. The Governor's request appropriates \$47.9 million from this fund source, over-appropriating it by the amount of the deduction in **Subsection (b)**.

Legislative Fiscal Analyst Comment: The entire net dividend (\$44.4 million) is identified as Unrestricted General Fund revenue. However, the language in **Subsection (c)** allows AHFC to retain (and invest) dividends until the money is required to cover expenses associated with capital projects funded by dividends. Investment earnings contribute to AHFC's bottom line.

While appropriating the entire net dividend to the general fund would allow investment earnings to accrue to the general fund rather than to AHFC, the corporation has successfully argued for retention of the current method of accounting for dividends.

(d) All unrestricted mortgage loan interest payments, mortgage loan commitment fees, and other unrestricted receipts received by or accrued to the Alaska Housing Finance Corporation during the fiscal year ending June 30, 2025, and all income earned on assets of the corporation during that period are appropriated to the Alaska Housing Finance Corporation to hold as corporate receipts for the purposes described in AS 18.55 and AS 18.56. The corporation shall allocate its corporate receipts between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under procedures adopted by the board of directors.

Subsection (d) appropriates certain FY25 receipts of AHFC to the corporation and permits the corporation to allocate those receipts to the AHFC Revolving Loan Fund and the Senior Housing Revolving Fund.

Funding: The corporate receipts used for purposes other than operating costs do not appear in the bill summary or in Legislative Finance Division reports. Corporate operating costs are appropriated in **Section 1**.

(e) The sum of \$800,000,000 is appropriated from the corporate receipts appropriated to the Alaska Housing Finance Corporation and allocated between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under (d) of this section to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2025, for housing loan programs not subsidized by the corporation.

(f) The sum of \$30,000,000 is appropriated from the portion of the corporate receipts appropriated to the Alaska Housing Finance Corporation and allocated between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under (d) of this section that is derived from arbitrage earnings to the Alaska

Housing Finance Corporation for the fiscal year ending June 30, 2025, for housing loan programs and projects subsidized by the corporation.

Subsections (e) and (f) appropriate bond proceeds and arbitrage earnings to various housing programs.

Legislative Fiscal Analyst Comment: Because AHFC has statutory authority to issue bonds and transfer arbitrage earnings to its loan programs, **Subsections (e) and (f)** could be removed. However, they do no harm and are informative. The amounts are not reflected in reports prepared by the Legislative Finance Division.

Deleted Subsection

Designated program receipts under AS 37.05.146(b)(3) received by the Alaska Housing Finance Corporation in the fiscal year ending June 30, 2024, estimated to be \$40,000,000, for administration of housing and energy programs on behalf of a municipality, tribal housing authority, or other third party are appropriated to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2024.

This language allowed AHFC to administer programs for third parties that had received temporary federal COVID-19 grants. AHFC no longer needs receipt authority as the grant programs have expired.

Sec. 15. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY. The sum of \$11,000,000 is appropriated from the unrestricted balance in the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060), the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), and the Arctic infrastructure development fund (AS 44.88.810) to the general fund.

Section 15 informs the legislature that the anticipated annual Alaska Industrial Development and Export Authority (AIDEA) corporate dividend to the State will be \$11.0 million and appropriates it to the general fund. By statute (AS 44.88.088), the dividend made available should not be less than 25 percent and not more than 50 percent of the base year statutory net income.

The dividend was based on statutory net income from the Revolving Fund. The Sustainable Energy Transmission and Supply (SETS) Fund and the Arctic Infrastructure Development Fund were not included in the dividend calculation. The dividend was calculated as 42 percent of net income.

Deleted Subsection

The appropriation made in (a) of this section is an amount equal to the difference between the amount declared available by the Alaska Industrial Development and Export Authority board of directors under AS 44.88.088 for appropriation as the dividend for the fiscal year ending June 30, 2024, and the sum of \$6,952,000, which reflects one-half of the value of real property assets, including associated appurtenances and improvements, anticipated to be transferred by the Alaska

Industrial Development and Export Authority to the Department of Natural Resources during the fiscal year ending June 30, 2024.

In FY24, the Governor proposed deducting the entire value of an asset that was transferred from AIDEA to DNR from AIDEA's dividend. The legislature chose to deduct half of the value of the property from the dividend in this **deleted section**.

Sec. 16. ALASKA PERMANENT FUND. (a) The amount required to be deposited under art. IX, sec. 15, Constitution of the State of Alaska, estimated to be \$407,300,000, during the fiscal year ending June 30, 2025, is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

Subsection (a) identifies an amount of oil revenue that goes into the Permanent Fund. Because the constitution mandates that at least 25 percent of royalties be deposited in the Permanent Fund, that dedicated revenue flows directly to the Permanent Fund. Dedicated deposits to the Permanent Fund are excluded from general fund revenue and from appropriations reported by the Legislative Finance Division. Arguably, appropriation of dedicated revenue is not necessary, but it does no harm, and the language is informative.

(b) The amount necessary, when added to the appropriation made in (a) of this section, to satisfy the deposit described under AS 37.13.010(a)(2), estimated to be \$76,416,000, during the fiscal year ending June 30, 2024, is appropriated from the general fund to the principal of the Alaska permanent fund.

Subsection (b) identifies an amount of oil revenue that goes into the Permanent Fund. This subsection reflects the additional 25 percent of royalties from oil fields newer than 1979 to be deposited into the Permanent Fund. The non-mandated deposits require appropriation and are reflected as additional designated general fund revenue. Both revenue and expenditures are included in reports prepared by the Legislative Finance Division.

Legislative Fiscal Analyst Comment: Since FY21, this royalty deposit has been identified using fund code 1262 (Non-mandatory Royalty Deposits to the Permanent Fund) as a Designated General Fund appropriation. Legal advice from Legislative Legal Services and the Department of Law confirm that this deposit is subject to appropriation, and therefore should be counted as statutorily designated revenue.

(c) The sum of \$3,657,263,378, as calculated under AS 37.13.140(b), is appropriated from the earnings reserve account (AS 37.13.145) as follows:

(1) the amount authorized under AS 37.13.145(b) for transfer by the Alaska Permanent Fund Corporation on June 30, 2024, estimated to be \$2,303,700,000, to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and for administrative and associated costs for the fiscal year ending June 30, 2025;

(2) the remaining balance, estimated to be \$1,353,563,378 to the general fund for the fiscal year ending June 30, 2025.

Subsection (c) appropriates funds from the Earnings Reserve Account (ERA) to the Dividend Fund and general fund. The statutory five percent of market value (POMV) payout is \$3.7 billion in FY25. The Governor splits the draw, with the statutory amount going to the dividend fund in **Subsection (1)**, as calculated on the last day of FY24 to pay dividends in October of FY25. The remainder of the POMV draw is appropriated to the general fund in **Subsection (2)**.

Funding: The projected \$2.3 billion dividend transfer includes funding for administrative and associated costs. Administrative and associated costs for FY25 are reflected in **Section 1** of the budget.

Legislative Fiscal Analyst Comment: The fiscal summary shows this transfer from the ERA as unrestricted general fund revenue. In some years, the entire POMV draw has been deposited into the general fund and the general fund was used to pay PFDs. There is no practical difference between that approach and the language in the Governor's budget.

(d) The income earned during the fiscal year ending June 30, 2025, on revenue from the sources set out in AS 37.13.145(d), estimated to be \$28,222,531, is appropriated to the Alaska capital income fund (AS 37.05.565).

Subsection (d) appropriates FY25 earnings associated with the State vs. Amerada Hess settlement (that are held within the Permanent Fund) to the Alaska Capital Income Fund. The Alaska Capital Income Fund was established in FY05 and, per Ch. 88, SLA 2018, is designated for capital deferred maintenance projects.

Legislative Fiscal Analyst Comment: The Amerada Hess settlement resulted in the creation of a "fenced off" portion of the Permanent Fund that was intended to ensure that Alaska juries would not be personally affected (via Permanent Fund Dividends) by lawsuits involving revenue to the Permanent Fund.

(e) The amount calculated under AS 37.13.145(c), after the appropriation made in (c) of this section, estimated to be \$1,468,000,000 is appropriated from the earnings reserve account (AS 37.13.145) to the principal of the Alaska permanent fund to offset the effect of inflation on the principal of the Alaska permanent fund.

Subsection (e) appropriates the statutory inflation proofing transfer from the ERA to the principal of the Permanent Fund.

Legislative Fiscal Analyst Comment: The estimated amount for FY25 is based on the Permanent Fund's long-term inflation assumption of 2.50 percent. The statutory calculation in AS 37.13.145(c) is based on inflation in calendar year 2024.

In the FY24 budget, the legislature capped the transfer at the projected amount, so that if inflation exceeded 2.50 percent, the transfer would not increase.

Deleted Section

ALASKA TECHNICAL AND VOCATIONAL EDUCATION PROGRAM ACCOUNT. (a) *Four percent of the revenue deposited into the Alaska technical and vocational education program account (AS 23.15.830) in the fiscal year ending June 30, 2024, estimated to be \$556,800, is appropriated from the Alaska technical and vocational education program account (AS 23.15.830) to the Department of Education and Early Development for operating expenses of the Galena Interior Learning Academy, for the fiscal year ending June 30, 2024.*

(b) *Fifty-one percent of the revenue deposited into the Alaska technical and vocational education program account (AS 23.15.830) in the fiscal year ending June 30, 2024, estimated to be \$7,098,700, is appropriated from the Alaska technical and vocational education program account (AS 23.15.830) to the Department of Labor and Workforce Development for operating expenses of the following institutions, in the following percentages, for the fiscal year ending June 30, 2024:*

<i>INSTITUTION</i>	<i>PERCENTAGE</i>	<i>ESTIMATED AMOUNT</i>
<i>Alaska Technical Center</i>	<i>9 percent</i>	<i>\$1,252,700</i>
<i>Alaska Vocational Technical Center</i>	<i>17 percent</i>	<i>2,366,200</i>
<i>Amundsen Educational Center</i>	<i>2 percent</i>	<i>278,400</i>
<i>Ilisagvik College</i>	<i>5 percent</i>	<i>695,900</i>
<i>Northwestern Alaska Career and Technical Center</i>	<i>3 percent</i>	<i>417,600</i>
<i>Partners for Progress in Delta, Inc.</i>	<i>3 percent</i>	<i>417,600</i>
<i>Southwest Alaska Vocational and Education Center</i>	<i>3 percent</i>	<i>417,600</i>
<i>Yuut Elitnaurviat - People's Learning Center Inc.</i>	<i>9 percent</i>	<i>1,252,700</i>

(c) *Forty-five percent of the revenue deposited into the Alaska technical and vocational education program account (AS 23.15.830) in the fiscal year ending June 30, 2024, estimated to be \$6,263,500, is appropriated from the Alaska technical and vocational education program account (AS 23.15.830) to the University of Alaska for operating expenses for the fiscal year ending June 30, 2024.*

The **deleted section** appropriated Alaska Technical and Vocational Education Program (TVEP) funding to institutions as estimates. The percentages in this section matched AS 23.15.840(d).

Legislative Fiscal Analyst Comment: Prior to FY24, the TVEP appropriations were fixed amounts and distributions had to be adjusted repeatedly.

The TVEP program will sunset on June 30, 2024 without legislative action. FY25 funding should be provided in a fiscal note, conditional on passage of a bill extending the program.

Deleted Section

BONUSES FOR CERTAIN EMPLOYEES OF THE EXECUTIVE BRANCH. (a) *The money appropriated in this Act includes amounts to implement the payment of bonuses and other monetary terms of letters of agreement entered into between the state and collective bargaining units under AS 23.40.070 - 23.40.260 for the fiscal year ending June 30, 2024.*

(b) *The Department of Administration, division of personnel and labor relations, shall*

(1) *not later than 30 days after the Department of Administration enters into a letter of agreement described in (a) of this section, provide a copy of the letter of agreement to the legislative finance division in electronic form; and*

(2) *submit a report to the co-chairs of the finance committee of each house of the legislature and the legislative finance division not later than*

(A) *February 1, 2024, that summarizes all payments made under the letters of agreement described in (a) of this section during the first half of the fiscal year ending June 30, 2024; and*

(B) *September 30, 2024, that summarizes all payments made under the letters of agreement described in (a) of this section during the second half of the fiscal year ending June 30, 2024.*

The **deleted section** authorized the payment of bonuses to unionized employees that are not part of a collective bargaining agreement but were authorized by Letters of Agreement (LOAs) between the executive branch and the unions. It also required the Department of Administration to send copies of the agreements to the Legislative Finance Division and submit two annual reports summarizing payments for LOAs to the co-chairs of the finance committees.

Legislative Fiscal Analyst Comment: The Department of Administration has provided LFD with copies of LOAs issued so far in FY24 as they are signed.

Sec. 17. DEPARTMENT OF ADMINISTRATION. (a) **The amount necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) is appropriated from that account to the Department of Administration for those uses for the fiscal year ending June 30, 2025.**

Subsection (a) appropriates funds from the Catastrophe Reserve Account to the Department of Administration to obtain insurance, establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.

Funding: This provision has no budgetary impact; it allows money appropriated elsewhere to be transferred and spent but does not increase total appropriations.

Legislative Fiscal Analyst Comment: This section re-emphasizes the State's authority to expend funds from the State Insurance Catastrophe Reserve Account described in AS 37.05.289(a).

The Catastrophe Reserve Account sweeps lapsing general fund appropriations annually to maintain a balance not to exceed \$50 million per AS 37.05.289(b). If these funds were not available, two opportunities would remain for meeting catastrophic situations: 1) supplemental appropriations by the legislature; and 2) judgment legislation. Delays that could occur with legislative remedies would cause difficulty in situations that require immediate action.

(b) The amount necessary to fund the uses of the working reserve account described in AS 37.05.510(a) is appropriated from that account to the Department of Administration for those uses for the fiscal year ending June 30, 2025.

Subsection (b) re-emphasizes the Department of Administration's (DOA's) ability to spend from the Working Reserve Account to pay leave cash-in, terminal leave, unemployment insurance contributions, workers compensation, and general liability claims.

Funding: This provision has no budget impact; it allows money appropriated elsewhere to be transferred to and spent by DOA, but it does not increase total appropriations.

Legislative Fiscal Analyst Comment: The Working Reserve Account consists primarily of money appropriated to agencies (for the listed purposes) as a portion of personal services costs. The Department of Administration allocates money from each agency to the Working Reserve Account as part of the payroll process. If the amount in the account is insufficient to cover expenses, the Department of Administration may sweep lapsing personal services appropriations in order to cover expenses.

FY23 actual usage was \$44.9 million and collections were \$45.3 million, for a \$0.4 million net increase to the fund, so no lapsing funds were necessary.

(c) The amount necessary to have an unobligated balance of \$5,000,000 in the working reserve account described in AS 37.05.510(a) is appropriated from the unexpended and unobligated balance of any appropriation enacted to finance the payment of employee salaries and benefits that is determined to be available for lapse at the end of the fiscal year ending June 30, 2025, to the working reserve account (AS 37.05.510(a)).

Subsection (c) appropriates funds from the Working Reserve Account to the Department of Administration to pay leave cash-in, terminal leave, unemployment insurance contributions, workers compensation, and general liability claims.

(d) The amount necessary to maintain, after the appropriation made in (c) of this section, a minimum target claim reserve balance of one and one-half times the amount of outstanding claims in the group health and life benefits fund (AS 39.30.095), estimated to be \$10,000,000, is appropriated from the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2025, to the group health and life benefits fund (AS 39.30.095).

Funding: This provision has no budgetary impact; it allows money appropriated elsewhere to be transferred to the Group Health and Life Benefits Fund, but it does not increase total appropriations.

Legislative Fiscal Analyst Comment: Previous versions of this language allowed the unobligated balance of the fund to be capped at \$10 million (using lapsing funds); this language, first enacted in FY23, raises the ceiling to 1.5 times the amount of outstanding claims, which is the minimum target claim reserve balance.

The Division of Retirement and Benefits' consultant (Segal) and the Health Benefits Evaluation Committee recommend a range of 1.5 to 2.5 times the outstanding claims liability to absorb claims volatility and provide stability in premiums.

Information from Segal from the FY24 budget cycle indicated that the \$10 million estimate may be insufficient to bring the balance to 1.5 times the outstanding claims in FY25, so this estimate may need to increase. Updated information has not yet been provided for the FY25 budget cycle as of this publication.

(e) The amount necessary to have an unobligated balance of \$50,000,000 in the state insurance catastrophe reserve account (AS 37.05.289(a)), after the appropriations made in (c) and (d) of this section, is appropriated from the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2025, to the state insurance catastrophe reserve account (AS 37.05.289(a)).

Funding: This provision has no budget impact; it allows money appropriated elsewhere to be transferred to the Catastrophe Reserve Account, but it does not increase total appropriations.

Legislative Fiscal Analyst Comment: This section appropriates lapsing general fund balances to the Catastrophe Reserve Account described in AS 37.05.289.

This appropriation would authorize the transfer of up to \$50 million from lapsing general fund appropriations to the Catastrophe Reserve Account, after the appropriations of lapsing general fund balances are transferred to the Working Reserve Account (up to \$5 million), the Group Health Life Account (estimated to be \$10 million), and before a transfer to the Office of Management and Budget for central services cost allocation rate shortfalls (up to \$5 million).

The Account reached a balance of \$54.2 million at the end of FY23, after a \$28.9 million deposit in FY23. Details about why the balance exceeded the target had not been received as of this publication.

(f) If the amount necessary to cover plan sponsor costs, including actuarial costs, for retirement system benefit payment calculations exceeds the amount appropriated for that purpose in sec. 1 of this Act, after all allowable payments from retirement system fund sources, that amount, not to exceed \$500,000, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2025.

Subsection (f) appropriates general funds to pay for costs of retirement system benefit calculations that exceed the \$260.7 appropriated to the Department of Administration in **Section 1**.

Legislative Fiscal Analyst Comment: The pension and retiree health plans are trust funds and must adhere to federal and state rules regarding benefit trusts. The rules make a clear distinction between expenses that are for the benefit of the plan participants and expenses that are for the benefit of the plan sponsor. The expenses that benefit the plan sponsor are called settlor expenses or costs. Costs that benefit the plan sponsor cannot be paid for by retiree health trust funds as these expenses are for the benefit of the plan sponsor.

(g) The amount necessary to cover actuarial costs associated with bills introduced by the legislature, estimated to be \$0, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2025.

Subsection (g) appropriates general funds in FY25 to pay for actuarial costs associated with bills introduced by the legislature. As with settlor expenses, trust funds cannot be used for costs that do not benefit the trustees.

Legislative Fiscal Analyst Comment: In FY24, the legislature limited this appropriation to bills in the finance committees, aligning the appropriation language with the Department of Administration's existing practice. The Governor reverts to the previous version.

Sec. 18. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The unexpended and unobligated balance of federal money apportioned to the state as national forest income that the Department of Commerce, Community, and Economic Development determines would lapse into the unrestricted portion of the general fund on June 30, 2025, under AS 41.15.180(j) is appropriated to home rule cities, first class cities, second class cities, a municipality organized under federal law, or regional educational attendance areas entitled to payment from the national forest income for the fiscal year ending June 30, 2025, to be allocated among the recipients of national forest income according to their pro rata share of the total amount distributed under AS 41.15.180(c) and (d) for the fiscal year ending June 30, 2025.

Subsection (a) appropriates any remaining balance of National Forest Receipts to be paid as grants to local governments in the unorganized borough.

Legislative Fiscal Analyst Comment: National Forest Receipts consist of national forest income received by the Department of Commerce, Community, and Economic Development (DCCED) for the portion of national forests located within the unorganized borough. By law, 75 percent of the income is allocated to public schools and 25 percent for maintenance of public roads in the unorganized borough.

AS 41.15.180(j) states that the amount in the National Forest Receipts fund remaining at the end of the fiscal year lapses into the general fund and shall be used for school and road maintenance in the affected areas of the unorganized borough for which direct distribution has not been made.

Under AS 41.15.180(j), lapsing money must be spent in areas that do not receive money under AS 41.15.180(c) and (d). **Subsection (a)** takes money that would otherwise be spent in unorganized areas within the unorganized borough and appropriates it to local governments within the unorganized borough.

(b) If the amount necessary to make national forest receipts payments under AS 41.15.180 exceeds the amount appropriated for that purpose in sec. 1 of this Act, the amount necessary to make national forest receipts payments is appropriated from federal receipts received for that purpose to the Department of Commerce, Community, and Economic Development, revenue sharing, national forest receipts allocation, for the fiscal year ending June 30, 2025.

Subsection (b) is an open-ended appropriation intended to ensure that all federal funding received for the National Forest Receipts program is disbursed expeditiously to communities.

Funding: The agency estimates the actual funding amount will be between \$8.0 and \$10.0 million. **Section 1** appropriates \$9.2 million for this program.

Legislative Fiscal Analyst Comment: The Secure Rural Schools program needs to be reauthorized by Congress frequently; if it is not extended, payments revert to a formula that pays about \$600,000 per year. Most recently, the program was reauthorized in 2021 to run through 2023, and it will need to be reauthorized for FY25.

In FY24, the legislature increased the authorization in the numbers section to \$9.2 million to match projected awards. While the program needs to be reauthorized for FY25, retaining this section does no harm.

(c) If the amount necessary to make payments in lieu of taxes for cities in the unorganized borough under AS 44.33.020(a)(20) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the amount necessary to make those payments is appropriated from federal receipts received for that purpose to the Department of Commerce, Community, and Economic Development, revenue sharing, payment in lieu of taxes allocation, for the fiscal year ending June 30, 2025.

Subsection (c) is intended to ensure that all federal funding received for the Payment in Lieu of Taxes (PILT) program is disbursed to communities expeditiously.

Funding: The estimated impact of this section is zero. The \$10.4 million appropriated in **Section 1** for this program should be sufficient to make the required payments.

Legislative Fiscal Analyst Comment: The PILT program is subject to federal appropriation and reauthorization for FY25.

(d) The amount necessary for the purposes specified in AS 42.45.085(a), estimated to be \$48,049,800, not to exceed the amount determined under AS 42.45.080(c)(1), is appropriated from the power cost equalization endowment fund (AS 42.45.070(a)) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2025.

Subsection (d) appropriates money from the Power Cost Equalization Endowment Fund to the Alaska Energy Authority (AEA) for the Power Cost Equalization (PCE) program. As of June 30, 2023, the PCE Fund balance was \$946.9 million.

Funding: Total PCE program cost is projected to be \$48.0 million in FY25. This incorporates the impact of Ch. 39, SLA2022 (SB 243), which expanded the program by an estimated \$15.7 million per year starting in FY23. In FY23, actual usage was \$41.7 million.

(e) The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$150,000, is appropriated to the Alaska Oil and Gas Conservation Commission for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond for the fiscal year ending June 30, 2025.

Subsection (e) permits the Alaska Oil and Gas Conservation Commission (AOGCC) to collect on a performance bond, should that action become necessary.

Legislative Fiscal Analyst Comment: Similar language in **Section 24(c)** applies to the Department of Natural Resources.

(f) The sum of \$296,500 is appropriated from the civil legal services fund (AS 37.05.590) to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Legal Services Corporation for the fiscal year ending June 30, 2025.

Subsection (f) is a named recipient grant to the Alaska Legal Services Corporation.

Legislative Fiscal Analyst Comment: The capitalization of the Civil Legal Services Fund occurs under Fund Transfers in **Section 32(c)**.

(g) The sum of \$1,000,000 is appropriated from program receipts collected under AS 21 by the Department of Commerce, Community, and Economic Development, to the Division of Insurance, for actuarial support for fiscal years ending June 30, 2025, and June 30, 2026.

Subsection (g) provides program receipt authority for DCCED to contract out actuarial services that have been difficult to fill due to private sector competition. The Department had two Actuary positions, one for life and health (vacant since FY20) and another for property and casualty (vacant since 9/21). One is being deleted in the FY25 budget because of the recruiting difficulties but the Department continues to try to fill the other position. Sufficient revenue exists to cover this request.

Legislative Fiscal Analyst Comment: DCCED already has an FY24 - 25 Multiyear appropriation for the same amount and purpose. This request would result in twice as much available funding in FY25 as in previous years. The department estimates that the annual need will be between \$500.0 and \$1.0 million.

New Subsection

(h) The sum of \$184,519 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Marine Safety Education Association for the fiscal year ending June 30, 2025.

See **Subsection 24(e)** for more information on this and a related item.

(i) The amount of federal receipts received for the reinsurance program under AS 21.55 during the fiscal year ending June 30, 2025, is appropriated to the Department of Commerce, Community, and Economic Development, division of insurance, for the reinsurance program under AS 21.55 for the fiscal years ending June 30, 2025, and June 30, 2026.

Subsection (i) is an open-ended appropriation that allows FY25 Federal receipts to be expended at any time through FY26 on the Alaska Comprehensive Insurance Program.

Deleted Subsection

The amount of statutory designated program receipts received by the Department of Commerce, Community, and Economic Development, office of broadband, for broadband activities during the fiscal year ending June 30, 2024, estimated to be \$0, is appropriated to the Department of Commerce, Community, and Economic Development, office of broadband, for the purposes described in AS 44.33.910 and 44.33.915 for the fiscal year ending June 30, 2024.

The **deleted subsection** provided open-ended Statutory Designated Program Receipt authority for the Office of Broadband in FY24.

Sec. 19. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. (a) An amount equal to 50 percent of the donations received under AS 43.23.230(b) for the fiscal year ending June 30, 2025, estimated to be \$437,000, is appropriated to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each school district adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2025.

Subsection (a) appropriates half of all donations made to the dividend raffle during FY25 to the Department of Education and Early Development for school grants.

Legislative Fiscal Analyst Comment: After taking half of the donations to pay for the aforementioned grants, the remaining donations are distributed equally to the Education Endowment Fund and Dividend Raffle Fund. The education grants are distributed to school districts according to the adjusted average daily membership for each district.

(b) Federal funds received by the Department of Education and Early Development, education support and administrative services, that exceed the amount appropriated to the Department of Education and Early Development, education support and administrative services, in sec. 1 of this Act are appropriated to the Department of Education and Early Development, education support and administrative services, for that purpose for the fiscal year ending June 30, 2025.

Subsection (b) provides open-ended Federal receipt authority for the Department of Education's Education Support and Administrative Services appropriation.

Legislative Fiscal Analyst Comment: Many federal education grants operate on overlapping 27-month grant cycles. Sub-grantees can expend grant awards across multiple state fiscal years.

To accommodate the ability of grantees to expend from multiple concurrent grants, the Department requires authority to collect and expend federal revenue awarded in prior years.

Previous versions of this language (most recently in the FY23 budget) limited this additional receipt authority to the Student and School Achievement component (rather than the entire appropriation), were limited to grant funds only. In the FY23 supplemental budget and the FY24 budget, this was expanded to the entire appropriation on all lines. The broader language reflected additional receipts in the Child Nutrition Program as well as Student and School Achievement, and federal revenue available to carry forward on other line items.

(c) The proceeds from the sale of state-owned Mt. Edgecumbe High School land in Sitka by the Department of Education and Early Development or the Department of Natural Resources are appropriated from the general fund to the Department of Education and Early Development, Mt. Edgecumbe High School, for maintenance and operations for the fiscal year ending June 30, 2025.

Subsection (c) appropriates proceeds from the sale of land owned by the Department of Education and Early Development (DEED) to Mt. Edgecumbe boarding school for maintenance and operations. This language section was added in FY21 and has remained in the budget annually since then.

Legislative Fiscal Analyst Comment: As of January 2024, the Department has a pending sale of 1.56 acres on Japonski Island to the U.S. Coast Guard. DEED is also transferring a parcel to the Department of Natural Resources (DNR), which DNR intends to sell to Southeast Alaska Regional Health Consortium. DEED is only permitted to sell to other government agencies, but DNR can sell to private parties.

New Subsection

(d) The proceeds from the sale of the Stratton Building in Sitka by the Department of Education and Early Development or the Department of Natural Resources are appropriated from the general fund to the Department of Education and Early Development, Alaska State Libraries, Archives and Museums, for maintenance and operations for the fiscal year ending June 30, 2025.

The Department is planning to sell the Stratton Building, located on the former Sheldon Jackson College campus in Sitka. As of January 2024, the Department is preparing a Request for Proposals (RFP). **Subsection (d)** appropriates proceeds from the sale to the Libraries, Archives and Museums appropriation for maintenance and operations.

(e) The amount of the fees collected under AS 28.10.421(a)(3) during the fiscal year ending June 30, 2024, for the issuance of celebrating the arts license plates, less the cost of issuing the license plates, estimated to be \$5,000, is appropriated from the general fund to the Department of Education and Early Development, Alaska State Council on the Arts, for administration of the celebrating the arts license plate contest for the fiscal year ending June 30, 2025.

Ch. 18, SLA 2022 (SB 71) authorized the Alaska State Council on the Arts to determine a fee of up to \$50 for a special vehicle registration plate celebrating the arts. **Section (e)** appropriates an

amount equal to fees collected in FY24 from the general fund to the Arts Council to pay for the artist's design fee, preparation for production, and educational materials about the program.

Funding: This section is funded with general funds because the license plate proceeds collected in FY24 lapse to the general fund if unspent.

New Subsection

(f) The sum of \$1,000,000 is appropriated from the general fund to the Department of Education and Early Development to provide a grant to Alaska Resource Education for expanding statewide workforce development initiatives for the fiscal years ending June 30, 2025, and June 30, 2026.

Subsection (f) appropriates \$1 million as an FY25 - 26 Multiyear to the Alaska Resource Education (ARE), a non-profit that provides free curriculum covering Alaska's natural resource industry.

Legislative Fiscal Analyst Comment: The Governor's budget narrative indicates that this funding would "incorporate new technologies like carbon capture and micro-nuclear energy into its curriculum" and would allow outreach to new communities. The language itself only specifies that the funding be used "for expanding statewide workforce development initiatives[.]"

Deleted Subsection

(e) The sum of \$87,443,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2024.

The **deleted section** appropriated \$87.4 million (after the Governor vetoed the original \$174.9 million amount in half) to school districts to be distributed according to the K-12 foundation formula.

New Section

Sec. 20. DEPARTMENT OF FISH AND GAME. The amount of \$300,000 is appropriated from commercial fisheries entry commission receipts for the purpose of information technology upgrade projects for the fiscal years ending June 30, 2025, and June 30, 2026.

In FY24, the legislature approved a \$150.0 Temporary Increment (FY24 - FY27) of CFEC funds to support a technology upgrade project. The Governor proposes to replace that funding with a \$300.0 Multiyear appropriation that can be expended between FY25 and FY26 and allows the agency to access the full appropriation immediately. This reflects an updated total project cost of \$450.0; a decrease of \$150.0 from the original four-year appropriation.

Sec. 21. DEPARTMENT OF HEALTH. Federal receipts received during the fiscal year ending June 30, 2025, for Medicaid services are appropriated to the Department of Health, Medicaid services, for Medicaid services for the fiscal year ending June 30, 2025.

Section 21 provides open-ended Federal receipt authority for the Medicaid program.

Funding: The Department of Health's FY25 Medicaid Services Projection Model estimates that the impact of this section is \$293,730,184 as of December 11, 2023. This estimate will be updated when the Governor's amended budget is released in February 2024.

Legislative Fiscal Analyst Comment: Similar language has been added each year since FY21, originally due to the COVID-19 pandemic. The language continued after the pandemic due to an enhanced Federal Medical Assistance Percentage (FMAP) rate and associated restrictions on removing individuals from the Medicaid program.

Legislative Fiscal Analyst Recommendation: The legislature should increase the appropriation of Federal receipts in **Section 1** to the amount anticipated for FY25. Legislative Finance assigned the estimated value of \$293.7 million to this language estimate, but it would be more transparent to reflect the funding in **Section 1**.

Deleted Subsections

The amount necessary, not to exceed \$210,400, to satisfy the federal temporary assistance to needy families program state maintenance of effort requirement for the fiscal years ending June 30, 2024, and June 30, 2025, is appropriated from the general fund to the Department of Health, public assistance, for the Alaska temporary assistance program for the fiscal years ending June 30, 2024, and June 30, 2025.

The amount necessary, not to exceed \$2,807,400, to satisfy the federal temporary assistance to needy families program state maintenance of effort requirement for the fiscal years ending June 30, 2024, and June 30, 2025, is appropriated from the general fund to the Department of Health, public assistance, for tribal assistance programs under AS 47.27.200 and 47.27.300 for the fiscal years ending June 30, 2024, and June 30, 2025.

The **deleted sections** provided two FY24 - 25 Multiyear appropriations of general funds, one each for the Temporary Assistance and Tribal Assistance programs, to allow for potential general fund lapse under the Maintenance of Effort (MOE) provision for the Alaska Temporary Assistance for Needy Families.

Legislative Fiscal Analyst Comment: In previous years, this funding was provided for a single year in the numbers section. However, funding requirements were not finalized until after the close of the fiscal year. The Multiyear appropriation provided flexibility across fiscal years for the Division to potentially lapse general funds if the federal participation thresholds are met and the State's MOE requirements are reduced.

As the Multiyear appropriation ends with the state fiscal year on June 30th, 2025, a new Multiyear appropriation would be necessary for the allocation to maintain this funding for the following fiscal year. It is unclear whether the Department will have sufficient funding for this purpose in FY25 without a new appropriation.

The unexpended and unobligated balance of federal receipts received from the American Rescue Plan Act of 2021 (P.L. 117-2) by the Department of Health for child care benefits grants, estimated to be \$25,000,000, is appropriated to the Department of Health, public assistance, for child care benefits grants for the fiscal years ending June 30, 2024, and June 30, 2025.

The **deleted section** provided an FY24 - 25 Multiyear appropriation of Federal receipt authority for the Division of Public Assistance, Child Care Benefits allocation to accept one-time federal child care development block grant funding that must be expended by September 30, 2024.

The sum of \$17,834,500 is appropriated to the Department of Health, public assistance, field services, to redetermine Medicaid eligibility for enrolled Alaskans, as required by P.L. 117-328 (Consolidated Appropriations Act, 2023), including contractual support, communication needs, temporary staffing, security, and software licensing, for the fiscal years ending June 30, 2024, and June 30, 2025, from the following sources:

- (1) \$8,917,300 from federal receipts;*
- (2) \$8,917,200 from general fund match.*

The **deleted section** provided an FY24 - 25 Multiyear appropriation of Federal receipt authority and General Fund Match to meet a compressed federal timeline for redetermining the eligibility of all Alaskans enrolled in Medicaid. The Governor's FY25 request includes a \$1,759.7 (\$897.4 Fed, \$862.3 GF/Match) Increment to the base for a similar purpose in the numbers section.

The sum of \$2,273,300 is appropriated to the Department of Health, Medicaid services, Medicaid services allocation, for creation of a cost allocation assessment tool by the Department of Health, division of senior and disabilities services, for the fiscal years ending June 30, 2024, June 30, 2025, and June 30, 2026, from the following sources:

- (1) \$2,046,000 from federal receipts;*
- (2) \$227,300 from general fund match.*

The sum of \$1,119,000 is appropriated to the Department of Health, senior and disabilities services, senior and disabilities services administration, for creation of a cost allocation assessment tool, for the fiscal years ending June 30, 2024, June 30, 2025, and June 30, 2026, from the following sources:

- (1) \$698,500 from federal receipts;*
- (2) \$420,500 from general fund match.*

The **deleted sections** provided two FY24 - 26 Multiyear appropriations, one for Senior and Disabilities Services Administration and one for Medicaid Services, for the purpose of developing a cost allocation tool. The tool should enhance the availability and timeliness of services for those with intellectual and developmental disabilities (IDD) and eliminate the need for a waitlist for IDD services in the future.

Sec. 22. DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. (a) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund

(AS 23.30.082) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated for that purpose from the workers' compensation benefits guaranty fund (AS 23.30.082) to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2025.

Subsection (a) allows benefit payments to exceed the amount appropriated in **Section 1**, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero; the \$794,300 appropriation in **Section 1** is expected to be sufficient.

(b) If the amount necessary to pay benefit payments from the second injury fund (AS 23.30.040(a)) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to make those benefit payments is appropriated for that purpose from the second injury fund (AS 23.30.040(a)) to the Department of Labor and Workforce Development, second injury fund allocation, for the fiscal year ending June 30, 2025.

Subsection (b) allows benefit payments to exceed the amount appropriated in **Section 1**, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero; the \$2,877,700 appropriation in **Section 1** is expected to be sufficient.

(c) If the amount necessary to pay benefit payments from the fishermen's fund (AS 23.35.060) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to make those benefit payments is appropriated for that purpose from the fishermen's fund (AS 23.35.060) to the Department of Labor and Workforce Development, fishermen's fund allocation, for the fiscal year ending June 30, 2025.

Subsection (c) allows benefit payments to exceed the amount appropriated in **Section 1**, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero; the \$1,442,800 appropriation in **Section 1** is expected to be sufficient.

(d) If the amount of contributions received by the Alaska Vocational Technical Center under AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 during the fiscal year ending June 30, 2025, exceeds the amount appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, in sec. 1 of this Act, the additional contributions are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, Alaska Vocational Technical Center allocation, for the purpose of operating the center for the fiscal year ending June 30, 2025.

Subsection (d) provides open-ended authority to spend proceeds of the Education Tax Credit, thereby eliminating all questions regarding Alaska Vocational Technical Center's (AVTEC) ability to accept and spend those funds.

Funding: The estimated impact of this section is zero; the \$1,192,100 appropriation of Statutory Designated Program Receipts is more than sufficient for expected revenue.

Deleted Section

DEPARTMENT OF LAW. (a) *The sum of \$5,000,000 is appropriated from the general fund to the Department of Law, civil division, for litigation relating to the defense of rights to develop and protect the state's natural resources, to access land, to manage its fish and wildlife resources, and to protect state sovereignty in the fiscal years ending June 30, 2024, June 30, 2025, and June 30, 2026.*

(b) *It is the intent of the legislature that funds from the appropriation made in (a) of this section may not be used for any action that may erode existing federal or state subsistence rights.*

The **deleted section** appropriated \$5 million to the Department of Law for statehood defense litigation for FY24-26. In FY25, the Governor is requesting similar funding in **Section 1**.

Sec. 23. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. (a) **Five percent of the average ending market value in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2022, June 30, 2023, and June 30, 2024, estimated to be \$9,229, is appropriated from the Alaska veterans' memorial endowment fund (AS 37.14.700) to the Department of Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2025.**

Subsection (a) appropriates the payout from the Endowment to the Department of Military and Veterans' Affairs. The payout may be used for maintenance, repair, and construction of monuments to the military.

(b) **The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2025, for the issuance of special request license plates commemorating Alaska veterans, less the cost of issuing the license plates, estimated to be \$7,800, is appropriated from the general fund to the Department of Military and Veterans' Affairs for the maintenance, repair, replacement, enhancement, development, and construction of veterans' memorials for the fiscal year ending June 30, 2025.**

Subsection (b) appropriates the proceeds of commemorative Alaska veterans' license plates, minus the cost of the issuing them, to the Department of Military and Veterans' Affairs for maintenance, repair, replacement, enhancement, development, and construction of veterans' memorials.

Sec. 24. DEPARTMENT OF NATURAL RESOURCES. (a) **The interest earned during the fiscal year ending June 30, 2025, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be \$150,000, is appropriated from interest held in the general fund to the Department of Natural Resources for the purpose of the bond for the fiscal year ending June 30, 2025.**

Subsection (a) appropriates the interest earned on the bond posted by Cook Inlet Energy to the Department of Natural Resources (DNR) for the purpose of the bond.

Legislative Fiscal Analyst Comment: This situation is atypical for reclamation bonding. In 2009, Pacific Energy Resources, Ltd. declared bankruptcy and abandoned the Redoubt Unit in Cook Inlet. Their bond was transferred to DNR for reclamation of the site. Cook Inlet Energy then purchased the Redoubt Unit, which meant that DNR did not need to perform further site reclamation work and that the State was holding cash from the Pacific Energy Resources bond. That cash was applied to the reclamation bond requirements imposed on Cook Inlet Energy. As a cost saving measure, the proceeds from the Pacific Energy Resources bond were retained in the general fund. This section appropriates the earnings on the bond to DNR to cover potential reclamation activity in the future.

(b) The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2025, estimated to be \$30,000, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources for those purposes for the fiscal year ending June 30, 2025.

Subsection (b) appropriates money from the Mine Reclamation Trust Fund operating account to DNR for the purposes specified in AS 37.14.820 (mine reclamation activities).

Funding: The agency estimates the amount needed for mine reclamation expenditures is about \$30,000. The money is spent in the Mining, Land & Water allocation for reclamation of land use permits and leases on State lands.

Legislative Fiscal Analyst Comment: This section may not be required but does no harm; the appropriation contained in **Section 32(j)** – an internal transfer of funds from the income account to the operating account – appears to satisfy the appropriation requirement of AS 37.14.800(b). Once that internal transfer occurs, expenditures require no further appropriation per AS 37.14.820.

(c) The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$50,000, is appropriated to the Department of Natural Resources for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond for the fiscal year ending June 30, 2025.

Subsection (c) appropriates receipts associated with bonds for land reclamation to the agencies that will direct the reclamation activities.

Funding: The Department of Natural Resources estimates the impact of this section to be \$50,000, \$25,000 for reclamation associated with land use permits and leases on State lands in the Mining, Land and Water allocation, and \$25,000 for reclamation bonds associated with timber sales on state lands in the Forest Management and Development allocation.

Legislative Fiscal Analyst Comment: Similar language in **Section 18(f)** applies to the Alaska Oil and Gas Conservation Commission in the Department of Commerce, Community, and Economic Development.

(d) Federal receipts received for fire suppression during the fiscal year ending June 30, 2025, estimated to be \$20,500,000, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2025.

Subsection (d) appropriates an open-ended amount of Federal receipts received for fire suppression to the Department of Natural Resources.

New Subsection

(e) The sum of \$281,274 is appropriated from the general fund to the Department of Natural Resources for the boating safety program for the fiscal year ending June 30, 2025.

Subsection (e) appropriates \$281,274 to DNR for the Boating Safety Program.

Legislative Fiscal Analyst Comment: This section and **Section 18(h)** are both related to appropriations of Boat Receipts that were previously in the numbers section. In FY24, Boat Receipts, fund code 1216, were split in the numbers section: \$306.3 was appropriated to DNR's Parks Division for boating safety and \$197.0 was appropriated to the Department of Commerce as a grant to the Alaska Marine Safety Education Association (AMSEA). In FY25, the Governor removes this funding from the numbers section and replaces it with the appropriations in **Sections 24(b) and 18(h)**, which equate to the actual Boat Receipts collected in FY23, split in proportion with the FY23 appropriations for those purposes.

The stated intent of this change is to reduce uncertainty for the two recipients which arises from spending Boat Receipts as they come in. Without the reverse sweep from the CBR, no fund balance is maintained to even out revenue across fiscal years.

The FY23 split between the two purposes was arbitrary; the same level of funding has been provided to AMSEA since FY13 and DNR since FY15, but the split is not based on a statute and was instead a product of separate increments over time. The grant to AMSEA is not a statutorily designated use of the funds; AS 05.25.096 designates only that they be used by DNR (and DOA for the cost of administering the fees).

Legislative Fiscal Analyst Recommendation: The general reason for spending DGF is to tie specific revenue to related expenditures; transitioning this funding to UGF severs that link. Retaining an arbitrary spending rule that relies on DGF collections is cumbersome and difficult for the public to track; it would be simpler to budget the appropriate amount for each program using UGF, without tying it to Boat Receipt collections.

If the goal is to retain the DGF tracking, another solution would be to add carryforward language for DNR's Parks Division for Boat Receipts to smooth the volatility. To ensure

that sufficient revenue is carried forward to make this effective in future years, the funds could be partially replaced with general funds in FY24 or FY25.

New Section

Sec. 25. DEPARTMENT OF PUBLIC SAFETY. The following amounts are appropriated from the general fund to the Department of Public Safety to address rising costs for law enforcement supplies and equipment for the fiscal years ending June 30, 2025, June 30, 2026, and June 30, 2027:

- (1) \$500,000 to Alaska State Troopers Detachments;
- (2) \$300,000 to Alaska Wildlife Troopers.

Section 25 provides a Multiyear appropriation that can be expended between FY25 and FY27 for equipment and supplies, including clothing and uniforms, tools, safety gear, and parts.

Legislative Fiscal Analyst Comment: This request funds ongoing operating costs. Funding it as a Multiyear appropriation will automatically remove it from the FY28 Adjusted Base. While this allows the agency flexibility to reevaluate annual supply and equipment funding needs, it's unclear why this funding is temporary.

Sec. 26. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The proceeds received from the sale of Alaska marine highway system assets during the fiscal year ending June 30, 2025, are appropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).

Section 26 appropriates proceeds of any sale of Alaska Marine Highway System (AMHS) assets to the AMHS Vessel Replacement Fund (VRF) which is a savings account to be used for AMHS vessel upgrades and replacement.

Legislative Fiscal Analyst Comment: Money in the VRF cannot be spent without further appropriation. After the passage of HB 322 in SLA 2022 the VRF is now a separate account outside of the general fund and is no longer subject to Article IX Section 17(d) of the Alaska Constitution, the CBR sweep.

In March 2021, the State sold the M/V Fairweather and M/V Chenega fast ferries to Spanish ferry operator, Trasmapi, for \$5.1 million. Because the sweep was not reversed, that money was transferred to the general fund on June 30, 2021. In June 2022, AMHS sold the M/V Malaspina and deposited the \$128.0 proceeds into the VRF. No further vessel sales are anticipated at this time.

Deleted Subsection

If the amount of federal receipts that are received by the Department of Transportation and Public Facilities for the calendar year beginning January 1, 2024, and ending December 31, 2024, fall short of the amount appropriated in sec. 5 of this Act, the amount of the shortfall, not to exceed

\$20,000,000, is appropriated from the general fund to the Department of Transportation and Public Facilities, Alaska marine highway system, for operation of marine highway vessels for the calendar year beginning January 1, 2024, and ending December 31, 2024.

The **deleted section** provided “backstop” language to replace uncollected federal funds with general funds. The legislature approved a cap of \$20 million, but the Governor vetoed the cap down to \$10 million. For more information about the impact of deleting this section, see the Department of Transportation and Public Facilities narrative later in this publication.

Sec. 27. OFFICE OF THE GOVERNOR. (a) The sum of \$2,870,300 is appropriated from the general fund to the Office of the Governor, division of elections, for costs associated with conducting the statewide primary and general elections for the fiscal years ending June 30, 2025, and June 30, 2026.

Legislative Fiscal Analyst Comment: Beginning in FY17, the cost of holding elections every two years was spread across two fiscal years using Multiyear appropriations to reduce volatility in the final authorized budget of the Office of the Governor while still providing sufficient funding to conduct elections. Note that **Section 27** appropriates money for a two-year period, so money that is not spent in FY25 will be available in FY26.

New Subsection

(b) After the appropriations made in secs. 17(c) - (e), the unexpended and unobligated balance of any appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2025, not to exceed \$5,000,000, is appropriated to the Office of the Governor, office of management and budget, to support the cost of central services agencies that provide services under AS 37.07.080(e)(2) in the fiscal years ending June 30, 2025, and June 30, 2026, if collectable receipts from approved central services cost allocation methods under AS 37.07.080(e)(2)(B) fall short of the amounts appropriated in this Act.

Subsection (b) appropriates up to \$5 million of lapsing FY25 appropriations to be available in FY26 for the purpose of providing funds to central service agencies if their rates yield insufficient revenue.

Legislative Fiscal Analyst Comment: A similar section in the SLA 2023 operating budget provided this funding for FY24, and this section provides it for FY26. The Governor’s Office indicated that a future supplemental request will add a similar appropriation utilizing FY24 revenue for FY25.

Deleted Subsections

If the 2024 fiscal year-to-date average price of Alaska North Slope crude oil exceeds \$70 a barrel on December 1, 2023, the amount of money corresponding to the 2024 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section, estimated to be \$1,000,000, is appropriated from the general fund to the Office of the Governor for distribution to state agencies

to offset increased fuel and utility costs for the fiscal year ending June 30, 2024.

(Deleted table provided \$27.0 million at a price of \$125 or more, stepping down by \$500,000 per dollar of oil to zero at \$71 per barrel.

The **deleted section** appropriated an amount of up to \$27.0 million to State agencies to offset energy costs, using a sliding scale to adjust for the price of oil. The Governor vetoed this appropriation, which would have provided approximately \$1.0 million based on the Spring Revenue Forecast.

Sec. 28. BANKCARD SERVICE FEES. (a) The amount necessary to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2025, is appropriated for that purpose for the fiscal year ending June 30, 2025, to the agency authorized by law to generate the revenue, from the funds and accounts in which the payments received by the state are deposited. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

Subsection (a) allows the State to compensate vendors that collect fees on behalf of the State. The provision originally addressed Fish and Game fishing, hunting, and trapping license sales in which the vendor retained a portion of the sales. It now applies to several programs in multiple departments.

Funding: These fees do not appear in the bill summary or in Legislative Finance Division reports on the grounds that the State has no effective control over the money.

(b) The amount necessary to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2025, is appropriated for that purpose for the fiscal year ending June 30, 2025, to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the state, from the funds and accounts in which the payments received by the state are deposited.

Subsection (b) allows credit card service providers to retain fees charged for using a credit card.

Funding: These fees do not appear in the bill summary or in Legislative Finance Division reports on the grounds that the State has no effective control over the money.

Sec. 29. DEBT AND OTHER OBLIGATIONS. (a) The amount required to be paid by the state for the principal of and interest on all issued and outstanding state-guaranteed bonds, estimated to be \$0, is appropriated from the general fund to the Alaska Housing Finance Corporation for payment of the principal of and interest on those bonds for the fiscal year ending June 30, 2025.

Subsection (a) appropriates general funds to pay principal and interest on State-guaranteed bonds (veterans' mortgage bonds) if the revenue stream from the mortgage loans is insufficient to make those payments. The primary purpose of the State general obligation pledge is to gain tax-exempt status for the bonds, but it also enhances the credit pledge and marketability of the

bonds. The veterans' mortgage bonds have achieved the best credit rating (triple A) on their own and there have been no draws upon the State's general obligation pledge for payment. Because the bonds are general obligations of the State, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee.

Funding: The revenue stream from mortgage loans is expected to be sufficient to cover bond payments as it has been in all prior years, so the expected fiscal impact of this subsection is zero; however, a potential general fund obligation exists.

(b) The amount necessary for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 for the fiscal year ending June 30, 2025, estimated to be \$2,095,000, is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032(a)) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565).

(c) The amount necessary for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 for the fiscal year ending June 30, 2025, estimated to be \$2,425,000, is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036(a)) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565).

Subsections (b) and (c) appropriate the interest earnings of the Clean Water and Drinking Water funds to their respective bond redemption funds. Both funds are capitalized annually with federal receipts that require a State match. Federal rules do not permit investment earnings of the loan funds to be used as State match. However, money borrowed by the funds can be used as State match. Investment earnings in the fund are then used to pay back the borrowed funds.

These subsections avoid General Fund Match appropriations by taking advantage of the ability to use earnings on the funds to pay debt service. Alaska issues short-term revenue bond anticipation notes (secured by the pledge of assets of the Clean Water and Drinking Water loan funds) and uses the proceeds to meet federal matching requirements. The bonds are then paid off with "restricted" investment earnings. Effectively, earnings are used to match federal receipts.

(d) The sum of \$3,558,280 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2025, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	\$1,216,680
Anchorage Community and Technical	
College Center	
Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Matanuska-Susitna Borough	708,750

deep water port and road upgrade	
(B) Aleutians East Borough/False Pass	207,889
small boat harbor	
(C) City of Valdez harbor renovations	209,125
(D) Aleutians East Borough/Akutan	150,094
small boat harbor	
(E) Fairbanks North Star Borough	344,968
Eielson AFB Schools, major	
maintenance and upgrades	
(F) City of Unalaska Little South America	369,594
(LSA) Harbor	
(3) Alaska Energy Authority	351,180
Copper Valley Electric Association cogeneration projects	

Subsection (d) appropriates \$3.6 million to the University, the Department of Transportation, and the Alaska Energy Authority for reimbursement of debt service on projects authorized in Ch. 115, SLA 2002 (HB 528).

(e) The amount necessary for payment of lease payments and trustee fees relating to certificates of participation issued for real property for the fiscal year ending June 30, 2025, estimated to be \$2,891,250, is appropriated from the general fund to the state bond committee for that purpose for the fiscal year ending June 30, 2025.

Subsection (e) appropriates \$2.9 million for trustee fees and to make payments on State of Alaska Certificates of Participation (COPs), a debt that is established based on a legislatively authorized subject to appropriation pledge of the State for a series of future lease payments for real property. This COP funded the Alaska Native Medical Center housing project [authorized in Ch. 63, SLA 2013 (SB 88)] which is the only currently outstanding COP, and it is expected to be fully paid off in FY29.

(f) The sum of \$3,303,500 is appropriated from the general fund to the Department of Administration for the purpose of paying the obligation of the Linné Pacillo Parking Garage in Anchorage to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2025.

Subsection (f) appropriates \$3.3 million for a State lease-purchase; a debt that is established based on a legislatively authorized subject to appropriation pledge of the State for a series of future lease payments for real property. This lease-purchase was facilitated by the Alaska Housing Finance Corporation for the downtown Anchorage Parking Garage. The State will own the facility upon final payment of the lease, which is expected to occur in FY28.

(g) The following amounts are appropriated to the state bond committee from the specified sources, and for the stated purposes, for the fiscal year ending June 30, 2025:

\$67.7 million in general funds and \$4.9 million of Federal funds are appropriated for debt service on general obligation bonds. For FY24, \$67.9 million of State funding and \$4.9 million of Federal receipts were budgeted.

- (1) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010A, estimated to be \$2,229,468, from the amount received from the United States Treasury as a result of the American Recovery and Reinvestment Act of 2009, Build America Bond credit payments due on the series 2010A general obligation bonds;**
- (2) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010A, after the payment made in (1) of this subsection, estimated to be \$6,754,939, from the general fund for that purpose;**
- (3) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010B, estimated to be \$2,259,773, from the amount received from the United States Treasury as a result of the American Recovery and Reinvestment Act of 2009, Qualified School Construction Bond interest subsidy payments due on the series 2010B general obligation bonds;**
- (4) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2010B, after the payment made in (3) of this subsection, estimated to be \$2,403,900, from the general fund for that purpose;**

The 2010 general election authorized issuance of \$397 million in General Obligation (GO) bonds to finance educational facilities. The Department of Revenue issued \$200 million of bonds in three series in 2010, and two series in 2013, taking advantage of federal stimulus programs. The 2010 Series A were issued using Build America Bonds (receiving an original 35 percent federal subsidy on interest expense); 2010 Series B were issued as Qualified School Construction Bonds (QSCB's) (receiving a federal subsidy on interest expense of nearly 100 percent); the 2010 Series C were issued as standard tax exempt bonds (paid off in fiscal year 2013); the 2013 Series A were issued using QSCBs (receiving a federal subsidy on interest expense of nearly 100 percent); and the 2013 Series B were issued as standard tax exempt bonds.

Legislative Fiscal Analyst Comment: All authorized bonds are not sold at the same time because IRS rules (for tax exempt status) require complete expenditure of bond proceeds within three years of bond issuance. There is risk in the timing of issuance of authorized bonds as over-issuing bonds to generate proceeds that don't match project expenditures could earn rates that are lower than the interest rate on the bonds themselves. Alternatively, if your reinvestment of bond proceeds exceeds the arbitrage yield on the bonds, you would have to remit the difference above the arbitrage yield to the IRS / US Treasury. Bonds are issued in specific series as cash is needed for projects. Sequestration was implemented subsequent to the bonds issuance and reduced the federal reimbursement rates on the Series A and Series B bonds, reducing the effective subsidy, currently estimated at a 5.7% rate reduction in federal fiscal years 2021-2030, and is subject to further federal review and sequestration implementation. These amounts have been reduced to approximately 33.0 percent and 94.3 percent, respectively.

(5) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2013A, estimated to be \$434,570, from the amount received from the United States Treasury as a result of the American Recovery and Reinvestment Act of 2009, Qualified School Construction Bond interest subsidy payments due on the series 2013A general obligation bonds;

(6) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2013A, after the payments made in (5) of this subsection, estimated to be \$460,839, from the general fund for that purpose;

(7) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2015B, estimated to be \$11,966,500, from the general fund for that purpose;

(8) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2016A, estimated to be \$10,381,125, from the general fund for that purpose;

(9) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2016B, estimated to be \$10,304,125, from the general fund for that purpose;

The 2012 general election authorized the issuance of \$453.5 million in GO bonds to finance transportation projects. **Subsections 5 through 9** appropriate an estimated \$21.5 million from the general fund for the payment of debt service on 2016A and 2016B Bond Series issued for those projects.

Legislative Fiscal Analyst Comment: Initial bonding for this authorization utilized short-term Bond Anticipation Notes (BANs) from 2013 through mid-2016 to capture the very low short-term interest rate environment. The BAN program was further used due to the uncertainty and often delayed project expenditure expectations on transportation projects, thereby avoiding the cost of having higher interest, long-dated borrowed funds idle in the project fund and complying with IRS project expenditure requirements.

The 2016A GO bonds refinanced most of the 2015 general obligation BAN. The par amount of the 2016A bonds was \$134.8 million which along with bond issue premium generated \$159.5 million. The combination of the 2013, 2014, and 2015 BAN issues along with the 2016A issue has generated cumulative project funding of \$187.9 million. The 2016B general obligation bonds were issued in the par amount of \$128.3 million, which along with bond issue premium generated \$155.3 million. The final \$110.35 million of authorization was provided by the issuance of the 2020A general obligation bonds in the par amount of \$84.6 million which along with original issue premium of \$26.2 million provided for the project fund deposit and retained compensation for the underwriter's discount.

(10) the sum of \$511,245 from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2020A general obligation bonds, for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2020A;

(11) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2020A, after the payment made in (10) of this subsection, estimated to be \$6,526,505, from the general fund for that purpose;

Legislative Fiscal Analyst Comment: The remaining balance of \$110.35 million of funding for the 2012 Transportation General Obligation Bond Act was funded on August 5, 2020 through the issuance of the 2020A bond issuance.

(12) the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds, series 2023A, estimated to be \$18,384,000, from the general fund for that purpose;

(13) the amount necessary for payment of trustee fees on outstanding State of Alaska general obligation bonds, series 2010A, 2010B, 2013A, 2015B, 2016A, 2016B, 2020A, and 2023A, estimated to be \$3,450, from the general fund for that purpose;

(14) the amount necessary for the purpose of authorizing payment to the United States Treasury for arbitrage rebate and payment of tax penalties on outstanding State of Alaska general obligation bonds, estimated to be \$50,000, from the general fund for that purpose;

Subsection 14 appropriates money that must be remitted to the federal government when earnings on the proceeds of tax-exempt bonds exceed interest costs. This appropriation applies primarily to the extraordinarily low interest rate of the outstanding 2020A bonds, or any other project funds funded with bond proceeds that remain outstanding. The payment of these funds is offset by prior year investment earnings. This provision also applies to any tax penalties that may be assessed on all issued State of Alaska GO bonds.

(15) if the proceeds of state general obligation bonds issued are temporarily insufficient to cover costs incurred on projects approved for funding with these proceeds, the amount necessary to prevent this cash deficiency, from the general fund, contingent on repayment to the general fund as soon as additional state general obligation bond proceeds have been received by the state; and

Subsection 15 is intended to prevent construction delays by permitting short-term borrowing from the general fund.

(16) if the amount necessary for payment of debt service and accrued interest on outstanding State of Alaska general obligation bonds exceeds the amounts appropriated in this subsection, the additional amount necessary to pay the obligations, from the general fund for that purpose.

Subsection 16 is a safety measure to ensure that the State can meet its general obligation pledge if unforeseen circumstances or miscalculations leave the appropriations in this section short of debt service requirements.

(h) The following amounts are appropriated to the state bond committee from the specified sources, and for the stated purposes, for the fiscal year ending June 30, 2025:

(1) the amount necessary for debt service on outstanding international airports revenue bonds, estimated to be \$2,000,000, from the collection of passenger facility charges approved by the Federal Aviation Administration at the Alaska international airports system;

(2) the amount necessary for payment of debt service and trustee fees on outstanding international airports revenue bonds, after the payment made in (1) of this subsection, estimated to be \$25,598,300, from the International Airports Revenue Fund (AS 37.15.430(a)) for that purpose; and

New Subsection

(3) the amount necessary for payment of principal and interest, redemption premiums, and trustee fees, if any, associated with the early redemption of international airports revenue bonds authorized under AS 37.15.410 - 37.15.550, estimated to be \$10,000,000 from the International Airports Revenue Fund (AS 37.15.430(a)).

Subsection (h) appropriates funding for payment of debt service and fees on outstanding international airport revenue bonds.

Legislative Fiscal Analyst Comment: The Alaska International Airport System (AIAS) and the State Bond Committee are restructuring AIAS revenue bond debt to lower debt service from approximately \$49.5 million to approximately \$21.3 million in FY24. This reduction poises AIAS to be more competitive with other cargo airports and to reduce passenger cost. Phase one of the restructuring began in 2016 with the implementation of refinancing savings and the extension of amortization to match assets' useful life more closely. This is combined with a multi-year increase in the use of cash on hand to optionally redeem callable bonds.

The final components of this plan include an FY25 appropriation of \$10.0 million in AIAS receipts for optional bond redemption, as well as refinancing implemented in FY22 using the receipt of \$105.2 million from closing the 2021A, 2021B, and 2021C bond series on August 26, 2021. This is combined with \$40.0 million of AIAS receipts provided for the defeasance of the 1999A and 2006A series, and the refunding of the 2009A, 2010A, 2010C, and 2010D bond series.

(i) If federal receipts are temporarily insufficient to cover international airports system project expenditures approved for funding with those receipts, the amount necessary to prevent that cash deficiency, estimated to be \$0, is appropriated from the general fund to the International Airports Revenue Fund (AS 37.15.430(a)) for the fiscal year ending June 30, 2025, contingent on repayment to the general fund, as soon as additional federal receipts have been received by the state for that purpose.

(j) The amount of federal receipts deposited in the International Airports Revenue Fund (AS 37.15.430(a)) necessary to reimburse the general fund for international airports system project expenditures, estimated to be \$0, is appropriated from the International Airports Revenue Fund (AS 37.15.430(a)) to the general fund.

Subsections (i) and (j) were added to the budget beginning in FY17. The language addresses any potential cash-flow issues related to federal international airport projects and allows for temporary general fund borrowing and repayment. **Subsection (i)** appropriates general funds contingent upon repayment (plus interest). **Subsection (j)** appropriates the amount of Federal receipts to repay the general fund.

(k) The amount necessary for payment of obligations and fees for the Goose Creek Correctional Center, estimated to be \$16,167,038, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2025.

Subsection (k) appropriates \$16.2 million for a State lease-purchase, a debt that is established based on a legislatively authorized subject to appropriation pledge of the State for a series of future lease payments for real property. This lease-purchase was facilitated by the Matanuska-Susitna Borough for the Goose Creek Correctional Facility. The State will own the correctional facility upon final payment of the lease.

Legislative Fiscal Analyst Comment: In common language, the contract with the Mat-Su Borough is a lease, but the terms of the contracts are such that the Governmental Accounting Standards Board's (GASB) rule #34 classifies them as capital leases. Further, the State's future lease payments were securitized in a Matanuska Lease Revenue Bond issuance that was authorized by law. This means that a default on lease payments would result in a downgrade of the State's credit rating. Because of the impact on credit rating, the obligation is categorized as "subject to appropriation" debt.

(l) The amount necessary, estimated to be \$57,517,670, is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 for the fiscal year ending June 30, 2025, from the following sources:

(1) \$13,100,000 from the School Fund (AS 43.50.140);

(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$44,417,670, from the general fund.

Subsection (l) appropriates funding for municipal school debt reimbursement. AS 14.11.100 authorizes the State to reimburse municipalities for selected bonds issued for school construction (between 60 and 90 percent of principal and interest depending on the statutory authorization).

Funding: Per the DOR Fall 2023 Revenue Sources Book, FY25 cigarette tax collections (School Fund) are projected to be \$13.1 million, down from \$13.5 million (projected) in FY24. As cigarette tax revenues decrease, the general fund portion of school debt reimbursement increases.

Legislative Fiscal Analyst Comment: Full reimbursement of municipal debt requires \$44.4 million from the general fund in addition to the amount available in the School Fund. The Governor has proposed to fully fund the program.

Reimbursement amounts under this section continue to fall due to the moratorium on new debt, which has been in place since 2015 and is scheduled to sunset on July 1, 2025 (the start of FY26).

Sec. 30. FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts under AS 37.05.146(b)(3), information services fund program receipts under AS 44.21.045(b), Exxon Valdez oil spill trust receipts under AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund under AS 19.65.060(a), receipts of the University of Alaska under AS 37.05.146(b)(2), receipts of the highways equipment working capital fund under AS 44.68.210, and receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(20) that are received during the fiscal year ending June 30, 2025, and that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h). Receipts received under this subsection during the fiscal year ending June 30, 2025, do not include the balance of a state fund on June 30, 2024.

Section 30 (a) provides appropriation of any of the listed receipts that are collected in FY24 beyond the amounts appropriated in the act. Although the appropriations are conditioned on review by the Legislative Budget and Audit (LB&A) Committee, the Governor can increase authorization for listed fund sources without the approval of LB&A, subject to the statutory requirements. Similar language in the capital budget applies only to appropriations in the capital bill.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. The Legislative Finance Division reports place no dollar value on appropriations made in this section.

(b) If federal or other program receipts under AS 37.05.146 and AS 44.21.045(b) that are received during the fiscal year ending June 30, 2025, exceed the amounts appropriated by this Act, the appropriations from state funds for the affected program shall be reduced by the excess if the reductions are consistent with applicable federal statutes.

Subsection (b) reduces State authorization when unanticipated money is received for projects funded with state funds and when federal statutes allow a reduction of state funds. There is no formal process for tracking potential reductions.

(c) If federal or other program receipts under AS 37.05.146 and AS 44.21.045(b) that are received during the fiscal year ending June 30, 2025, fall short of the amounts appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection (c) automatically limits authorization of Federal and other receipts to the amount received.

(d) The amount of designated program receipts under AS 37.05.146(b)(3) appropriated in this Act includes the unexpended and unobligated balance on June 30, 2024, of designated program receipts collected under AS 37.05.146(b)(3) for that purpose.

Subsection (d) allows all Statutory Designated Program Receipts (SDPR) collected and not expended in FY24 to be carried forward into FY25.

Legislative Fiscal Analyst Comment: This section may not be needed since SDPR is limited by the terms of the contractual agreement and cannot lapse to the general fund, but it does no harm.

Deleted Subsection

Notwithstanding (a) of this section, an appropriation item for the fiscal year ending June 30, 2024, may not be increased under AS 37.07.080(h) based on the Alaska Gasline Development Corporation's receipt of additional

(1) federal receipts; or

(2) statutory designated program receipts.

The **deleted section** restricted use of the Revised Program: Legislative (RPL) process in FY24 so that the Alaska Gasline Development Corporation's budget could not be increased through this process. The Governor did not retain this restriction in his FY25 budget request.

Sec. 31. FUND CAPITALIZATION. (a) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2025, estimated to be \$16,000, are appropriated to the Alaska children's trust grant account (AS 37.14.205(a)):

(1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of heirloom birth certificates;

(2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;

(3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.

Subsection (a) appropriates (to the Alaska Children's Trust grant account) net receipts collected during FY25 from sales of heirloom birth certificates, heirloom marriage certificates, and Trust license plates.

Legislative Fiscal Analyst Comment: Before FY12, these receipts were deposited to principal; the Children's Trust board may now spend from the grant account without further appropriation.

The Alaska Children's Trust was created by Ch. 19, SLA 1988. The legislature appropriated \$6 million from the investment loss trust fund to the principal of the Trust in Ch. 123, SLA 1996. The trust was established to provide a continuing source of revenue for grants to community-

based programs for the prevention of child abuse and neglect. In FY11 and FY12, the principal of the endowment was granted to the nonprofit Friends of the Children's Trust.

(b) The amount received from fees assessed under AS 05.25.096(a)(5) and (6), civil penalties collected under AS 30.30.015, the sale of vessels under AS 30.30, and donations and other receipts deposited under AS 30.30.096 as program receipts during the fiscal year ending June 30, 2025, less the amount of those program receipts appropriated to the Department of Administration, division of motor vehicles, for the fiscal year ending June 30, 2025, estimated to be \$58,600, is appropriated to the derelict vessel prevention program fund (AS 30.30.096).

Subsection (b) appropriates receipts collected and donations received to the Derelict Vessel Prevention Program Fund.

Legislative Fiscal Analyst Comment: To address an increasing number of derelict and abandoned vessels throughout Alaska's coasts and rivers, the legislature passed Ch. 111, SLA 2018 (SB 92). This legislation established the Derelict Vessel Prevention Program Fund. These non-lapsing funds may be used by the Department of Natural Resources to address derelict vessels and may be expended without further appropriation.

(c) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2025, estimated to be \$9,000,000, is appropriated to the disaster relief fund (AS 26.23.300(a)).

Subsection (c) appropriates federal receipts for disaster relief to the Disaster Relief Fund (DRF). The Governor needs no specific appropriations to spend money deposited in the DRF; money can be spent upon declaration of a disaster.

New Subsection

(d) The sum of \$5,000,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300(a)).

Subsection (d) appropriates general fund for disaster relief to the DRF. The Governor needs no specific appropriations to spend money deposited in the DRF; money can be spent upon the Governor's declaration of a disaster.

Legislative Fiscal Analyst Comment: In FY23, The Department of Military and Veterans' Affairs (DMVA), allocated \$28 million of DRF to disasters. At the beginning of FY24, there was about \$23 million of available funding in the DRF. This additional \$5 million would increase the available DRF balance to align with FY23. DMVA, which manages the fund, typically prefers to maintain an available balance of at least \$5 million in the fund.

The legislature deposited \$50.0 million UGF into the Fund in FY22 as a supplemental appropriation, and no further UGF deposits were made in FY23 or FY24.

(e) Twenty-five percent of the donations received under AS 43.23.230(b), estimated to be \$218,500 is appropriated to the dividend raffle fund (AS 43.23.230(a)).

Subsection (e) appropriates a quarter of all donations made to the dividend raffle into the Dividend Raffle Fund.

Legislative Fiscal Analyst Comment: Under AS 43.23.230(d) a total of 15 percent of the Dividend Raffle Fund balance will be paid out to four prize recipients and the remaining balance will roll into the next year.

(f) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2024, estimated to be \$0, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection (f) appropriates earnings of the Municipal Bond Bank to its Alaska Municipal Bond Bank Authority Reserve Fund.

(g) If the Alaska Municipal Bond Bank Authority must draw on the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)) because of a default by a borrower, an amount equal to the amount drawn from the reserve is appropriated from the general fund to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection (g) provides a moral obligation pledge of general funds if a default causes a draw on reserves of the bank. The intent of this section is to increase the credit rating of the bank and reduce the cost of borrowing money.

(h) The amount necessary to fund the total amount for the fiscal year ending June 30, 2025, of state aid calculated under the public school funding formula under AS 14.17.410(b), estimated to be \$1,145,790,200 is appropriated to the public education fund (AS 14.17.300) from the following sources:

(1) \$35,088,900 from the public school trust fund (AS 37.14.110(a));

(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$1,110,701,300, from the general fund.

(i) The amount necessary to fund transportation of students under AS 14.09.010 for the fiscal year ending June 30, 2025, estimated to be \$70,594,496, is appropriated from the general fund to the public education fund (AS 14.17.300).

Subsections (h) and (i) capitalize the Public Education Fund with the amount necessary for the K-12 Foundation and Pupil Transportation formulas in FY25.

Legislative Fiscal Analyst Comment: The FY25 amounts in the Governor's budget are based on draft student counts and are estimates that will change when the student counts are finalized. The public school funding program is fully funded in FY25.

(j) The sum of \$26,978,000 is appropriated from the general fund to the regional educational attendance area and small municipal school district school fund (AS 14.11.030(a)).

Subsection (j) appropriates \$27.0 million to the Regional Educational Attendance Area and Small Municipal School District (REAA) School Fund, which was created to assist in funding school construction projects in regional education attendance areas. Per the consent decree and settlement agreement of *Kasayulie vs. State of Alaska*, the creation of the REAA Fund and adoption of the funding mechanism set forth in AS 14.11.025 provides a remedy for perceived constitutional violations.

Legislative Fiscal Analyst Comment: The calculation in AS 14.11.025 links the amount for REAA fund capitalization to the school bond debt reimbursement amount from two years prior. Historically, when the school debt amount is lowered, the REAA amount is also lowered in the same fiscal year. When portions of bond debt were vetoed in FY17, FY20, and FY21, the REAA amount was lowered by the same percentage in the same year, rather than waiting two years to reduce the REAA percentage. In FY22, the vetoed amount was unrelated to the amount funded for school debt reimbursement.

Both the REAA and school debt reimbursement vetoed amounts were repaid through an FY22 supplemental appropriation.

(k) The amount necessary to pay medical insurance premiums for eligible surviving dependents under AS 39.60.040 and the costs of the Department of Public Safety associated with administering the peace officer and firefighter survivors' fund (AS 39.60.010) for the fiscal year ending June 30, 2025, estimated to be \$40,000, is appropriated from the general fund to the peace officer and firefighter survivors' fund (AS 39.60.010) for that purpose.

Subsection (k) deposits general funds into the Peace Officer and Firefighter Survivors' Fund for FY24.

Legislative Fiscal Analyst Comment: Ch. 14, SLA 2017 (HB 23) established this fund to provide payments for certain medical insurance premiums for surviving dependents of certain peace officers and firefighters who die in the line of duty.

(l) The amount of federal receipts awarded or received for capitalization of the Alaska clean water fund (AS 46.03.032(a)) during the fiscal year ending June 30, 2025, less the amount expended for administering the loan fund and other eligible activities, estimated to be \$22,746,000, is appropriated from federal receipts to the Alaska clean water fund (AS 46.03.032(a)).

(m) The amount necessary to match federal receipts awarded or received for capitalization of the Alaska clean water fund (AS 46.03.032(a)) during the fiscal year ending June 30, 2025, estimated to be \$3,337,500, is appropriated to the Alaska clean water fund (AS 46.03.032(a)) from the following sources:

(1) the amount available from Alaska clean water fund revenue bond receipts, estimated to be \$2,090,000;

(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$1,247,500, from the general fund.

(n) The amount of federal receipts awarded or received for capitalization of the Alaska drinking water fund (AS 46.03.036(a)) during the fiscal year ending June 30, 2025, less the amount expended for administering the loan fund and other eligible activities, estimated to be \$47,417,050, is appropriated from federal receipts to the Alaska drinking water fund (AS 46.03.036(a)).

(o) The amount necessary to match federal receipts awarded or received for capitalization of the Alaska drinking water fund (AS 46.03.036(a)) during the fiscal year ending June 30, 2025, estimated to be \$4,525,500, is appropriated from the following sources:

(1) the amount available for appropriation from Alaska drinking water fund revenue bond receipts, estimated to be \$2,420,000;

(2) the amount necessary, after the appropriation made in (1) of this subsection, estimated to be \$2,105,500 from the general fund.

Subsections (l) through (o) provide funds to develop sewer and water systems in Alaskan communities through revolving loan programs. The State typically issues short-term bonds that are repaid with earnings from the loan programs and uses the bond proceeds to match federal money. In FY25, the Governor is also requesting \$1.2 million of general funds for the clean water program and \$2.1 million of general funds for the drinking water program.

Legislative Fiscal Analyst Comment: The additional General Fund Match funding is necessary due to the increase in federal funding that came from an expansion of the program in the federal infrastructure bill. This additional match was requested in FY23 and appropriated in that year's budget, but the Department did not end up using it because work had not yet begun. The UGF funding was not requested in FY24 because the Department was still in the planning stages.

(p) The amount received under AS 18.67.162 as program receipts, estimated to be \$110,000, including donations and recoveries of or reimbursement for awards made from the crime victim compensation fund (AS 18.67.162), during the fiscal year ending June 30, 2025, is appropriated to the crime victim compensation fund (AS 18.67.162).

Subsection (p) capitalizes the Crime Victim Compensation Fund with money from donations and recoveries of, or reimbursements for, awards made from the fund. The Violent Crimes Compensation Board may order that compensation (from the fund) be paid to victims of crime (and their dependents) without further appropriation.

Legislative Fiscal Analyst Comment: Ch. 112, SLA 2008 (HB 414) added language to the effect that money appropriated to the fund "may include donations, recoveries of or reimbursements for awards made by the fund, income from the fund, and other program receipts." The language of **subsection (p)** does not appropriate income from the fund, so income will remain in the general fund.

(q) The sum of \$991,300 is appropriated from that portion of the dividend fund (AS 43.23.045(a)) that would have been paid to individuals who are not eligible to receive a permanent fund dividend because of a conviction or incarceration under AS 43.23.005(d) to the crime victim

compensation fund (AS 18.67.162) for the purposes of the crime victim compensation fund (AS 18.67.162).

Subsection (q) capitalizes the Crime Victim Compensation Fund with a portion of the Restorative Justice Account (formerly known as “PFD Criminal Funds”). The Violent Crime Compensation Board may order that compensation (from the fund) be paid to victims of crime (and their dependents) without further appropriation.

Legislative Fiscal Analyst Comment: The Crime Victims Compensation Fund is capitalized with Restorative Justice Account funding.

The amount of Restorative Justice Account funding available for appropriation each year is set in a statutory calculation under AS 43.23.048 to determine the sum of Permanent Fund Dividends forfeited by Alaskans with certain criminal convictions. In FY24, the amount was based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year, and in FY25 it is based on 7,556 ineligible Alaskans and a \$1,312 dividend for the qualifying 2022 calendar year.

AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:

10% - Crime Victims Compensation Fund (10-13%)

3% - Legislature - Office of Victims' Rights (2-6%)

4% - Public Safety - Nonprofit Services for Crime Victims (1-3%)

4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%)

79% - Corrections - Costs Related to Incarceration or Probation (79-88%)

(r) An amount equal to the interest earned on amounts in the election fund required by the federal Help America Vote Act, estimated to be \$100,000, is appropriated to the election fund for use in accordance with 52 U.S.C. 21004(b)(2).

Subsection (r) allows the Election Fund to retain interest earned. The purpose of the fund is to make election administration improvements (primarily equipment and accessibility aids).

(s) The vaccine assessment program receipts collected under AS 18.09.220 during the fiscal year ending June 30, 2025, estimated to be \$25,000,000, are appropriated to the vaccine assessment fund (AS 18.09.230).

Subsection (s) appropriates Vaccine Assessment Program Receipts, estimated to be \$25.0 million, to the Vaccine Assessment Account.

Legislative Fiscal Analyst Comment: The Governor’s FY25 language increases the estimate from \$15.0 million to \$25.0 million. This is a result of an increased assessment that was approved for 2024 (rates increased from \$9.85 to \$14.89 for the pediatric population and from \$1.51 to \$3.71 for adults) due to the commercialization of the COVID-19 vaccine and the inclusion of the RSV immunization.

(t) The sum of \$30,000,000 is appropriated to the community assistance fund (AS 29.60.850) from the following sources:

- (1) power cost equalization fund \$27,818,100;**
- (2) general fund \$2,181,900.**

Subsection (t) capitalizes the Community Assistance Fund with \$27.8 million of Power Cost Equalization Endowment (PCE) funds and \$2.2 million UGF in FY25, allowing for an FY26 payout of \$22.9 million.

Legislative Fiscal Analyst Comment: AS 42.45.085(d) provides statutory guidelines for uses of excess earnings of the PCE Fund. The amount of excess earnings is determined by subtracting anticipated PCE Program costs from earnings in the most recently closed fiscal year. Of the excess earnings, 70 percent are available for appropriation as follows:

- (1) First, up to \$30.0 million is allocated to the Community Assistance Program,
- (2) Second, up to \$25.0 million is allocated to Rural Energy programs.

FY23 earnings were \$88.4 million. In FY24, SB 98 transferred the PCE Fund's management to the Alaska Permanent Fund Corporation. This legislation included fiscal notes that charged management fees and audit costs to the PCE totaling \$2,560.0, but used Permanent Fund Gross receipts (fund code 1105) because that is their typical code for management fees. If the \$2,560.0 of PCE costs funded with Permanent Fund Gross receipts are excluded, Legislative Finance matches OMB's calculation of \$27.8 million available. If it is deducted, Legislative Finance calculates that only \$26,024.4 would be available.

Legislative Fiscal Analyst Recommendation: Realign the fund sources to \$26,024.4 PCE and \$3,975.6 UGF to account for costs of managing the fund with APFC. Consider changing management fee appropriations to the PCE Fund code or changing the statute to deduct actual management costs in the previous closed year to reduce future confusion.

New Subsection

(u) The sum of \$3,086,100 is appropriated from the general fund to the Alaska liquefied natural gas project fund (AS 31.25.110).

Subsection (u) appropriates \$3.1 million to the Alaska Liquefied Natural Gas Project Fund, which supports the operations of the Alaska Gasline Development Corporation (AGDC).

Legislative Fiscal Analyst Comment: An identical amount was appropriated to AGDC in the numbers section in FY24. Providing the funding as a fund capitalization gives the corporation more flexibility in spending across fiscal years, but may provide less certainty than a permanent increment.

Deleted Subsections

The sum of \$28,350,000 is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028).

The **deleted section** appropriated funds for the purchase of oil and gas tax credits. The Department of Revenue reports that all eligible credits have been purchased in FY24 and no further appropriations are necessary.

The sum of \$1,200,000 is appropriated to the election fund required by the federal Help America Vote Act, from the following sources:

- (1) \$200,000 from the general fund;*
- (2) \$1,000,000 from federal receipts.*

The **deleted section** appropriated federal funds and matching general funds to the Election Fund. Awards for this fund source are often received after the preparation of the Governor's budget and may be added as a future amendment.

Sec. 32. FUND TRANSFERS. (a) The federal funds received by the state under 42 U.S.C. 6506a(I) or former 42 U.S.C. 6508 not appropriated for grants under AS 37.05.530(d) are appropriated as follows:

- (1) to the principal of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska) and the public school trust fund (AS 37.14.110(a)), according to AS 37.05.530(g)(1) and (2); and**
- (2) to the principal of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska), the public school trust fund (AS 37.14.110(a)), and the power cost equalization endowment fund (AS 42.45.070(a)), according to AS 37.05.530(g)(3).**

Subsection (a) appropriates the lapsing balance of NPR-A grants [per AS 37.05.530(g)]. No lapsing balance is anticipated.

Funding: The estimated fiscal impact of this section is zero.

Legislative Fiscal Analyst Recommendation: The intent of AS 37.05.530(g)(3) appropriates remaining balances to the Power Cost Equalization and Rural Electric Capitalization Fund, which is no longer active. AS 37.05.530(g)(3) should also be revised. However, this subsection appropriates remaining balances to the Power Cost Equalization Endowment Fund (AS 42.45.070(a)), which is more appropriate. As noted, no lapsing balance is anticipated.

(b) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2025, are appropriated to the origination fee account

(AS 14.43.120(u)) within the education loan fund (AS 14.42.210(a)) of the Student Loan Corporation for the purposes specified in AS 14.43.120(u).

Subsection (b) appropriates origination fees charged on student loans to the origination fee account within the Education Loan Fund. The fees are intended to offset loan losses due to death, disability, bankruptcy, and default.

Funding: The amount of the loan origination fee is capped by regulation at 5 percent and set by the Alaska Student Loan Corporation (ASLC). ASLC set the origination fee at 0 percent for FY24 and has no plans to introduce a fee in FY25. Because the appropriation earmarks money within a fund, there is no impact on State expenditures.

(c) An amount equal to 10 percent of the filing fees received by the Alaska Court System during the fiscal year ending June 30, 2023, estimated to be \$296,500, is appropriated from the general fund to the civil legal services fund (AS 37.05.590) for the purpose of making appropriations from the fund to organizations that provide civil legal services to low income individuals.

Per AS 37.09.17.020(j), the court shall require that 50 percent of individuals' punitive damage awards received during the previous closed fiscal year be deposited into the general fund. **Subsection (c)** appropriates 10 percent of the filing fees received by the Alaska Court System in FY23 into the Civil Legal Services Fund. A separate appropriation in **Section 18(f)** appropriates funding from the Civil Legal Services Fund to the Department of Commerce, Community, and Economic Development for payment of a grant to the Alaska Legal Services Corporation.

(d) The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010(a)) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on June 30, 2024, estimated to be \$941,400, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2024, estimated to be \$6,480,000, from the surcharge levied under AS 43.55.300; and

Subsections (d)(1) and (2) appropriate (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY24 collections from the \$0.04 per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006, changed the per barrel surcharge from \$0.03 to \$0.04.

(3) the amount collected for the fiscal year ending June 30, 2024, estimated to be \$6,300,000, from the surcharge levied under AS 43.40.005.

Subsection (d)(3) appropriates revenue collected by the motor fuel surcharge to the Oil and Hazardous Substance Release Prevention Account.

(e) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010(a)) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on June 30, 2024, estimated to be \$700,000, not otherwise appropriated by this Act; and

(2) the amount collected for the fiscal year ending June 30, 2024, from the surcharge levied under AS 43.55.201, estimated to be \$1,620,000.

Subsection (e) appropriates (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY24 collections from the \$0.01 per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed, the per barrel surcharge from \$0.02 to \$0.01.

Legislative Fiscal Analyst Comment: Per AS 43.55.221(d), the surcharge is suspended when the balance of the response account exceeds \$50.0 million. The Commissioner of the Department of Revenue reported that the surcharge was suspended effective January 1, 2013. The surcharge was re-imposed effective July 1, 2013 and remains in place today. The fund is not expected to exceed \$50 million in FY25.

Subsections (d) and (e) are effective June 30, 2024 (a supplemental effective date). Prior to the SLA 2022 budget, these appropriations had been given a current-year effective date. However, the CBR sweep caused a portion of this revenue to be swept on June 30, before the effective date of this appropriation. By changing the effective date, the funds are moved to a non-sweepable account before the sweep takes effect.

(f) The unexpended and unobligated balance on June 30, 2024, estimated to be \$978,000, of the Alaska clean water administrative income account (AS 46.03.034(a)(2)) in the Alaska clean water administrative fund (AS 46.03.034) is appropriated to the Alaska clean water administrative operating account (AS 46.03.034(a)(1)) in the Alaska clean water administrative fund (AS 46.03.034).

(g) The unexpended and unobligated balance on June 30, 2024, estimated to be \$800,000, of the Alaska drinking water administrative income account (AS 46.03.038(a)(2)) in the Alaska drinking water administrative fund (AS 46.03.038) is appropriated to the Alaska drinking water administrative operating account (AS 46.03.038(a)(1)) in the Alaska drinking water administrative fund (AS 46.03.038).

The Department of Environmental Conservation (DEC) has been collecting a 0.5 percent fee on all loans made from the Clean Water and Drinking Water funds since December 2000.

Beginning in FY15, the department began requesting what is expected to be an annual appropriation from the income account to the operating account, making money available to administer the clean water and drinking water programs. Because the appropriations in **Subsections (f) and (g)** simply transfer money within the Clean Water and Drinking Water

administrative funds, no transactions are shown in the budget. Appropriations from the operating accounts to allocations in DEC appear in **Section 1**.

Funding: The Governor's budget uses \$978,000 of Clean Water funds and \$800,000 of Drinking Water funds in FY25. At the end of FY23, the balance of the Clean Water Administrative Fee Account is expected to be \$5.4 million, and the balance of the Drinking Water Administrative Fee Account is anticipated to be \$6.9 million.

Legislative Fiscal Analyst Comment: Subsections (f) and (g) are both effective June 30, 2024; the amounts appropriated in SLA 2023 also had a supplemental effective date. While it does no harm, these appropriations are not subject to the CBR sweep and could have a July 1, 2024 effective date without any repercussions. The supplemental effective date appears to have been a drafting error in SLA 2023 that was carried forward into this bill.

Legislative Fiscal Analyst Recommendation: Change the effective date of **Subsections (f) and (g)** to July 1, 2024.

(h) An amount equal to the interest earned on amounts in the special aviation fuel tax account (AS 43.40.010(e)) during the fiscal year ending June 30, 2025, is appropriated to the special aviation fuel tax account (AS 43.40.010(e)).

Subsection (h) authorizes the Aviation Fuel Tax Account to retain earnings. The amount of interest earned is expected to be negligible. This appropriation is in response to an FAA requirement that all airport revenue (including earnings on revenue) be spent on the airport system.

(i) An amount equal to the revenue collected from the following sources during the fiscal year ending June 30, 2025, estimated to be \$1,172,688, is appropriated to the fish and game fund (AS 16.05.100):

(1) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15)), estimated to be \$480,000;

(2) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a)), estimated to be \$3,000;

(3) fees collected for sanctuary access permits (AS 16.05.050(a)(15)), estimated to be \$130,000; and

(4) fees collected at hunter, boating, and angling access sites managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement authorized under AS 16.05.050(a)(6), estimated to be \$559,688.

Subsection (i) appropriates revenue from a variety of sources to the Fish and Game Fund.

Legislative Fiscal Analyst Comment: Because the boating and angling access sites were constructed with dedicated Fish and Game Fund, the federal government has indicated that facility user fees must be appropriated to the Fish and Game Fund.

(j) The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2025, estimated to be \$30,000, is appropriated from the mine reclamation trust fund income account (AS 37.14.800(a)) to the mine reclamation trust fund operating account (AS 37.14.800(a)).

Subsection (j) authorizes a transfer of funds from the income account to the operating account (both within the Mine Reclamation Trust Fund), where it is available to the Department of Natural Resources for mine reclamation activity under AS 37.14.820.

Funding: The agency projects a transfer of approximately \$30,000. The authorization to spend will go to the Mining, Land and Water allocation (see **Section 24(b)**).

(k) Twenty-five percent of the donations received under AS 43.23.230(b), estimated to be \$218,500, is appropriated to the education endowment fund (AS 43.23.220).

Subsection (k) authorizes a transfer of funds to the Education Endowment Fund from donations made to the Permanent Fund Dividend raffle.

(l) The unexpended and unobligated balance of the large passenger vessel gaming and gambling tax account (AS 43.35.220) on June 30, 2025, estimated to be \$20,181,000 is appropriated to the general fund.

Legislative Fiscal Analyst Comment: The Fall 2023 Revenue Sources Book projects \$20.2 million from this revenue source in FY25. The Governor's budget does not utilize this fund source, so the entire balance is available for appropriation.

(m) The sum of \$5,000,000 is appropriated from the general fund to the renewable energy grant fund (AS 42.45.045).

Subsection (m) appropriates \$5.0 million from the general fund to the Renewable Energy Grant Fund. The Governor's capital budget includes an appropriation of the same amount out of the Fund.

Legislative Fiscal Analyst Comment: The Governor's budget submission was put forward prior to the final grant project list being approved by the board. It is not an appropriation amount based on the final project list.

(n) The sum of \$100,000 is appropriated from general fund program receipts collected by the Department of Administration, division of motor vehicles, to the abandoned motor vehicle fund (AS 28.11.110) for the purpose of removing abandoned vehicles from highways, vehicular ways or areas, and public property.

Subsection (n) appropriates \$100,000 of general fund program receipts collected by the Division of Motor Vehicles to the abandoned motor vehicle fund.

Legislative Fiscal Analyst Comment: An appropriation out is required to spend from this fund to avoid a dedicated fund because revenue from the sale of abandoned vehicles collects in the

fund without appropriation. The appropriation out of the fund was omitted from the Governor's bill and should be reinstated if this provision is included in the bill.

Deleted Subsections

The remainder of the federal receipts received from sec. 9901, P.L. 117-2 (Subtitle M—Coronavirus State and Local Fiscal Recovery Funds, American Rescue Plan Act of 2021), estimated to be \$10,586,300, is appropriated to the general fund for general fund revenue replacement.

The **deleted section** appropriated \$10.6 million of federal Coronavirus State and Local Fiscal Recovery Funds to the general fund to replace lost general fund revenue.

The amount received by the Alaska Commission on Postsecondary Education as repayment for WWAMI medical education program loans, estimated to be \$674,000, is appropriated to the Alaska higher education investment fund (AS 37.14.750).

The **deleted section** appropriated loan repayments to the Alaska Higher Education Investment Fund from WWAMI graduates who do not return to Alaska. This section was part of the budget in FY21 but was deleted in subsequent budgets due to the sweep of the Higher Education Fund. Per Ch. 15, SLA 2022 (HB 322), the Alaska Higher Education Investment Fund is no longer sweepable. The section was added back in the Governor's FY24 operating language and included in the Enacted budget.

The amount necessary to have an unexpended and unobligated balance of \$0 in the Alaska capital income fund (AS 37.05.565), estimated to be \$18,300,000, is appropriated from the general fund to the Alaska capital income fund (AS 37.05.565).

The **deleted section** was added to the FY24 budget due to a shortfall of realized earnings by the Permanent Fund that flow into the Alaska Capital Income Fund. The section appropriated funds at the beginning of FY24 to erase any negative balance, ensuring sufficient balance to cover existing appropriations.

Sec. 33. RETIREMENT SYSTEM FUNDING. (a) **The sum of \$59,149,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution under AS 39.35.280 for the fiscal year ending June 30, 2025.**

Subsection (a) provides \$59,149,000 as an additional State contribution to the Public Employees' Retirement System (PERS).

(b) **The sum of \$123,358,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution under AS 14.25.085 for the fiscal year ending June 30, 2025.**

Subsection (b) provides \$123,358,000 as an additional State contribution to the Teachers' Retirement System (TRS).

Legislative Fiscal Analyst Comment: PERS and TRS contribution rates are capped in statute at 22 percent (AS 39.35.255(a)) and 12.56 percent (AS 14.25.070(a)) respectively. This means that non-State PERS employers contribute up to 22 percent of payroll costs toward employee retirement plan liability, and likewise TRS employers contribute up to 12.56 percent of payroll costs. These caps are in place regardless of the systems' actuarially determined rates which reflect the total annual contribution required to fund the pension and postretirement healthcare trusts. Any projected actuarial costs for non-State employers exceeding the capped rates are paid by the State (per AS 39.35.280 for PERS and AS 14.25.085 for TRS) in a separate appropriation for additional State contributions to retirement. The State as an employer pays the full rate as part of the cost of employees.

For FY25, the Alaska Retirement Management (ARM) Board set the PERS and TRS actuarial rates at 26.76 percent and 28.59 percent respectively. In effect, the difference between the actuarial rate and the statutory cap for non-State employers is 4.76 percent for PERS and 16.03 percent for TRS. The additional State cost incurred by paying the amount over the capped rate is \$59.1 million for PERS and \$123.4 million for TRS.

Both adopted rates include contributions only to the pension funds in PERS and TRS, not the healthcare funds. Both healthcare funds are projected to have over 100 percent of the necessary funding to pay out their future obligations, so the ARM Board did not direct additional funding to them in the past two fiscal years and for FY25. This would have reduced FY25 State contributions by about \$64 million.

The ARM Board's adopted rates incorporates another change for FY25, which does not reflect the "layering" approach to the unfunded liability that was adopted by the Board in 2018. This has the effect of increasing FY25 contributions by about \$8 million. Under the single-base approach that was implemented in 2014, the unfunded liability that existed as of FY14 will be paid over the course of 25 years, with the last payment in FY39. Under the layered approach, any additional unfunded liability that is created due to investment underperformance or actuarial changes after FY14 are not rolled into that timeline; instead, they are layered on top with a new 25-year amortization period. This approach has the advantage of reducing the volatility of payments as the end of that original 25-year period approaches and has lower present-day costs because new liabilities are stretched over a longer period. On the other hand, increasing contributions in the present day will reduce total contributions in the future because of investment returns on those contributions.

(c) The sum of \$2,410,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the judicial retirement system for the purpose of funding the judicial retirement system under AS 22.25.046 for the fiscal year ending June 30, 2025.

Subsection (c) provides \$2,410,000 to pay benefits to those eligible under the Judicial Retirement System (JRS).

Legislative Fiscal Analyst Comment: JRS was established in 1963 as a retirement system for judges, justices, and the administrator of the Court System. The appropriation is based on the June 30, 2022, actuarial recommendation. As with PERS and TRS, the JRS healthcare account is well over 100 percent funded so this appropriation only covers the pension past service cost. The June 30, 2022, valuation showed that the JRS pension has a funded ratio of 101.6 percent. Due to past layered amortization of unfunded liabilities, there is still a past service cost. This rate is set by the Commissioner of the Department of Administration, and the agency reports that they are exploring the possibility of resetting the actuarial value of assets to eliminate this payment in the future if the funding ratio exceeds 100 percent.

(d) The sum of \$1,340,000 is appropriated from the general fund to the Department of Administration to pay benefit payments to eligible members and survivors of eligible members earned under the elected public officers' retirement system for the fiscal year ending June 30, 2025.

Subsection (d) provides \$1,340,000 to pay benefits to those eligible under the Elected Public Officers' Retirement System (EPORS).

Legislative Fiscal Analyst Comment: EPORS was a retirement system for elected state officials (Governor, Lieutenant Governor, and Legislators) and began January 1, 1976. It was repealed by referendum in the 1976 general election; however, the Alaska Supreme Court subsequently ruled that those who served in 1976 were entitled to continue to be covered under the terms of the system.

Deleted Subsection

The amount necessary to pay benefit payments to eligible members and survivors of eligible members earned under the Unlicensed Vessel Personnel Annuity Retirement Plan, estimated to be \$0, is appropriated from the general fund to the Department of Administration for that purpose for the fiscal year ending June 30, 2024.

The **deleted section** provided an amount, estimated to be zero, to pay benefits to those eligible under the Unlicensed Vessel Personnel Annuity Retirement Plan (UVPARP).

Legislative Fiscal Analyst Comment: UVPARP was a union-sponsored retirement plan offered to Department of Transportation and Public Facilities employees who were working aboard Alaska Marine Highway vessels in the 1960s. Most members of this small retirement system converted their service and contributions to PERS in 1992 and the Division of Retirement and Benefits assumed the role of plan administrator for the remaining members who elected to remain under the UVPARP. This language was included annually because the Division of Retirement and Benefits may locate survivors of members who are deceased but are still eligible for benefits.

The Division of Retirement and Benefits has now located survivors of all members and the plan has been completely paid out, so this language is no longer necessary.

Sec. 34. SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the monetary terms for the fiscal year ending June 30, 2025, of the following ongoing collective bargaining agreements, including the monetary terms of any letters of agreement:

- (1) Alaska State Employees Association, for the general government unit;
- (2) Alaska Vocational Technical Center Teachers' Association, National Education Association, representing the employees of the Alaska Vocational Technical Center;
- (3) Marine Engineers' Beneficial Association, representing licensed engineers employed by the Alaska marine highway system;
- (4) International Organization of Masters, Mates, and Pilots, representing the masters, mates, and pilots unit;
- (5) Confidential Employees Association, representing the confidential unit;
- (6) Teachers' Education Association of Mt. Edgecumbe, representing the teachers of Mt. Edgecumbe High School;
- (7) Inlandboatmen's Union of the Pacific, Alaska Region, representing the unlicensed marine unit;
- (8) Public Safety Employees Association, representing the regularly commissioned public safety officers unit within the Department of Public Safety.

(b) The operating budget appropriations made to the University of Alaska in sec. 1 of this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2025, for university employees who are not members of a collective bargaining unit and to implement the monetary terms for the fiscal year ending June 30, 2025, of the following collective bargaining agreements:

- (1) United Academic - Adjuncts - American Association of University Professors, American Federation of Teachers;
- (2) United Academics - American Association of University Professors, American Federation of Teachers;
- (3) Fairbanks Firefighters Union, IAFF Local 1324;
- (4) Alaska Higher Education Crafts and Trades Employees, Local 6070.

Subsections (a) and (b) appropriate no money; they specify that various salary adjustments are funded with money appropriated in **Section 1**. The list changes from year to year, depending on which employees are affected by salary and benefit adjustments.

Legislative Fiscal Analyst Comment: Legislative adoption of **Subsections (a) and (b)** is equivalent to legislative approval of bargaining agreements with the listed organizations.

(c) If a collective bargaining agreement listed in (a) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made in this Act applicable to the collective bargaining unit's agreement are adjusted proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are adjusted accordingly.

(d) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collective bargaining unit and approved by the Board of Regents of the University of Alaska, the appropriations made in this Act applicable to the collective bargaining unit's agreement are adjusted proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are adjusted accordingly.

Subsections (c) and (d) appropriate no funding; they ensure that funding is removed from the budget if collective bargaining unit agreements listed in **Subsections (a) and (b)** are not ratified.

Sec. 35. SHARED TAXES AND FEES. (a) An amount equal to the salmon enhancement tax collected under AS 43.76.001 - 43.76.028 in calendar year 2023, estimated to be \$3,495,000, and deposited in the general fund under AS 43.76.025(c), is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in the fiscal year ending June 30, 2025, to qualified regional associations operating within a region designated under AS 16.10.375.

Funding: These “pass-through” amounts, estimated to be \$3.5 million, were excluded from budget reports until FY20. They are counted as Other funds using the Statutory Designated Program Receipts fund code 1108.

(b) An amount equal to the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2023, estimated to be \$2,761,000, and deposited in the general fund under AS 43.76.380(d), is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in the fiscal year ending June 30, 2025, to qualified regional seafood development associations for the following purposes:

- (1) promotion of seafood and seafood by-products that are harvested in the region and processed for sale;**
- (2) promotion of improvements to the commercial fishing industry and infrastructure in the seafood development region;**
- (3) establishment of education, research, advertising, or sales promotion programs for seafood products harvested in the region;**
- (4) preparation of market research and product development plans for the promotion of seafood and their by-products that are harvested in the region and processed for sale;**

(5) cooperation with the Alaska Seafood Marketing Institute and other public or private boards, organizations, or agencies engaged in work or activities similar to the work of the organization, including entering into contracts for joint programs of consumer education, sales promotion, quality control, advertising, and research in the production, processing, or distribution of seafood harvested in the region;

(6) cooperation with commercial fishermen, fishermen's organizations, seafood processors, the Alaska Fisheries Development Foundation, the Fishery Industrial Technology Center, state and federal agencies, and other relevant persons and entities to investigate market reception to new seafood product forms and to develop commodity standards and future markets for seafood products.

Funding: These “pass-through” amounts, estimated to be \$2.8 million, were excluded from budget reports until FY20. They are counted as Other funds using the Statutory Designated Program Receipts fund code 1108.

(c) An amount equal to the dive fishery management assessment collected under AS 43.76.150 - 43.76.210 during the fiscal year ending June 30, 2024, estimated to be \$163,000, and deposited in the general fund is appropriated from the general fund to the Department of Fish and Game for payment in the fiscal year ending June 30, 2025, to the qualified regional dive fishery development association in the administrative area where the assessment was collected.

Funding: This “pass-through” amount, estimated to be \$163,000, were excluded from budget reports until FY20. They are counted as Other funds using the Statutory Designated Program Receipts fund code 1108.

(d) The amount necessary to refund to local governments and other entities their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated from the general fund to the Department of Revenue for payment to local governments and other entities in the fiscal year ending June 30, 2025:

REVENUE SOURCE	FISCAL YEAR COLLECTED	ESTIMATED AMOUNT
Fisheries business tax (AS 43.75)	2024	\$16,350,000
Fishery resource landing tax (AS 43.77)	2024	5,087,000
Electric and telephone cooperative tax (AS 10.25.570)	2025	4,377,000
Liquor license fee (AS 04.11)	2025	746,000
Cost recovery fisheries (AS 16.10.455)	2025	0

Subsection (d) ensures that the Department of Revenue has the authorization to disburse taxes and fees collected on the behalf of local governments to those entities. The concept applies equally to prior year collections (fisheries receipts) and to current year receipts.

Funding: These “pass-through” taxes, estimated to be \$26.6 million, were excluded from budget reports until FY20. They are counted as Designated General Funds using the Shared Taxes fund code 1261.

(e) The amount necessary to refund to local governments the full amount of an aviation fuel tax or surcharge collected under AS 43.40 for the fiscal year ending June 30, 2025, estimated to be \$161,000, is appropriated from the proceeds of the aviation fuel tax or surcharge levied under AS 43.40 to the Department of Revenue for that purpose.

Subsection (e) ensures that the Department of Revenue has the authorization to disburse the local government share of aviation fuel taxes.

Funding: This “pass-through” tax, estimated to be \$161,000, was excluded from budget reports until FY20. It is now counted using the Aviation Fuel Tax Account fund code 1239.

Legislative Fiscal Analyst Comment: Note that the subsection specifically identifies proceeds of the aviation tax as the source of the payments.

The 40 percent share of aviation tax proceeds retained by the State is dedicated to airport operating and capital expenses. Fund code 1239 was created in the 2016 session to track budgeted aviation fuel tax revenue.

(f) The amount necessary to pay the first seven ports of call their share of the tax collected under AS 43.52.220 in calendar year 2024 according to AS 43.52.230(b), estimated to be \$26,654,000, is appropriated from the commercial vessel passenger tax account (AS 43.52.230(a)) to the Department of Revenue for payment to the ports of call for the fiscal year ending June 30, 2025.

Subsection (f) appropriates \$26.7 million of Commercial Vessel Passenger “Head” Tax receipts to the first seven ports of call.

Funding: This “pass-through” tax was excluded from budget reports until FY20. It is now counted using the Commercial Passenger Vessel Tax fund code 1206.

(g) If the amount in the commercial vessel passenger tax account (AS 43.52.230(a)) that is derived from the tax collected under AS 43.52.220 in calendar year 2024 is less than the amount necessary to pay the first seven ports of call their share of the tax collected under AS 43.52.220 in calendar year 2024 according to AS 43.52.230(b), the appropriation made in (f) of this section shall be reduced in proportion to the amount of the shortfall.

Subsection (g) is intended to prorate “pass-through” funding to the first seven ports of call if revenue is less than the calculated amount of “pass-through.”

Legislative Fiscal Analyst Comment: Beginning in the FY23 budget, this prorating language was modified to apply to a shortfall of pass-through amounts compared to total revenue. The prior language referred to the fund balance, which created a timing issue between when the fund balance is calculated and when the amounts were shared.

Sec. 36. RATIFICATION OF SMALL AMOUNTS IN STATE ACCOUNTING SYSTEM. The appropriation to each department under this Act for the fiscal year ending June 30, 2025, is reduced to reverse negative account balances in amounts of \$1,000 or less for the department in the state accounting system for each prior fiscal year in which a negative account balance of \$1,000 or less exists.

Section 36 allows departments to use money appropriated for FY25 to clean up small negative account balances (or ratifications) from prior fiscal years. This section removes the need for minuscule ratifications.

Sec. 37. STATUTORY BUDGET RESERVE FUND. If the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2025, is insufficient to cover the general fund appropriations made for the fiscal year ending June 30, 2025, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the general fund is appropriated to the general fund from the budget reserve fund (AS 37.05.540(a)).

Section 37 provides deficit-filling language from the Statutory Budget Reserve (SBR) Fund for FY25.

Legislative Fiscal Analyst Comment: \$20.9 million is projected to remain in this fund at the end of FY24.

New Section

Sec. 38. CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2024 that are made from subfunds and accounts of the operating general fund by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.

Subsection (a) is “sweep reversal language” that restores money from funds and accounts that are swept into the Constitutional Budget Reserve (CBR) Fund at year-end. The Constitution requires that several year-end general fund and subaccount balances be used to repay withdrawals from the CBR.

Legislative Fiscal Analyst Comment: The FY21 and FY22 CBR sweeps were not reversed due to the failure of the required supermajority votes. The FY23 and FY24 budgets did not reverse the sweep.

(b) If the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2025, is insufficient to cover the general fund appropriations made for the fiscal year ending June 30, 2025, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the general fund, after the appropriations made in sec. 37 of this Act,

is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

Subsection (b) fills the remaining budget deficit (after the transfer from the SBR in **Section 37**) with a transfer from the CBR to the general fund.

Funding: The estimated value of this appropriation is about \$982.3 million based on the Governor's FY25 proposed budget.

(c) The appropriations made in (a) and (b) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Subsection (c) stipulates that appropriations made from the CBR must be approved by at least three-quarters of the members of each house of the legislature.

Deleted Section

SPECIAL APPROPRIATIONS. *(a) If the unrestricted general fund revenue, including the appropriation made in sec. 56(c) of this Act, collected in the fiscal year ending June 30, 2024, exceeds \$6,264,300,000, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2024, of the difference between \$6,264,300,000 and the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2024, not to exceed \$636,400,000, is appropriated as follows:*

(1) 50 percent from the general fund to the dividend fund (AS 43.23.045(a)) to pay a one-time energy relief payment as part of the permanent fund dividend and for administrative and associated costs for the fiscal year ending June 30, 2025; and

(2) 50 percent from the general fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(b) After the appropriations made in (a) of this section, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2024, of the difference between \$6,900,700,000 and the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2024, is appropriated from the general fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

The **deleted section (a)** appropriated unrestricted general fund revenue received in FY24 above the Spring revenue forecast, up to \$636.4 million, to be split 50 percent to the Constitutional Budget Reserve and 50 percent to the Dividend Fund for an FY25 energy relief payment. The **deleted section (b)** appropriated any revenue beyond that amount to the Constitutional Budget Reserve.

Sec. 39. LAPSE OF APPROPRIATIONS. **The appropriations made in secs. 14(c), 15, 16, 17(c) - (e), 27(b), 29(b) and (c), 31, 32, and 33(a) - (c) of this Act are for the capitalization of funds and do not lapse.**

(b) The appropriations made in sec. 2, page 43, lines 5 - 8 (fund capitalization, public education fund - \$182,397,800), and secs. 29, 33(1), 50, 56(a), (b), and (d) - (f), 59(c) - (e), 67(a), 70(b) and (c), 72, 73(a) - (k) and (n) - (q), 74(a) - (c), and 79(a)(1) of this Act are for the capitalization of funds and do not lapse.

Section 39 ensures that money deposited into various funds will not lapse at the end of FY25.

Sec. 40. RETROACTIVITY. The appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2024 program receipts or the unexpended and unobligated balance on June 30, 2024, of a specified account are retroactive to June 30, 2024, solely for the purpose of carrying forward a prior fiscal year balance.

Section 40 is standard language to ensure that revenue attached to appropriations or allocations with carryforward language does not lapse at the end of FY24.

Deleted Subsections

(b) Sections 8 - 13, 17 - 19, 26, 27(a), 35, 36, 37(a) and (b), 39, 40(a), 41(a) and (b), 42(a) and (b), 43 - 46, 48(c) and (d), 50, and 80(a) and (b) of this Act are retroactive to April 16, 2023.

(c) Sections 20 - 25, 27(b), 28 - 32, 47, 48(a) and (b), 49, 62(b), 71(d), 73(d) - (g), and 80(c) of this Act are retroactive to June 30, 2023.

(d) Sections 1 - 4, 14 - 16, 33, 34, 37(c), 38, 40(b) and (c), 41(c), 42(c), 51 - 61, 62(a) and (c) - (h), 63 - 66, 67(a), 68 - 70, 71(a) - (c) and (e), 72, 73(a) - (c) and (h) - (q), 74 - 78, 81, and 83 of this Act are retroactive to July 1, 2023.

The deleted sections were retroactivity language in case the effective date vote failed.

Deleted Section

CONTINGENCIES. (a) *The appropriations made in sec. 1 of this Act for the payment of a bonus to an employee in the executive branch of the state government who is a member of a collective bargaining unit established under the authority of AS 23.40.070 - 23.40.260 (Public Employment Relations Act) but for which the state and applicable bargaining unit of the employee have not yet entered into a letter of agreement under AS 23.40.070 - 23.40.260 are contingent on the following:*

(1) *the state and the applicable bargaining unit of the employee entering into a letter of agreement under AS 23.40.070 - 23.40.260 for the bonus; and*

(2) *the Department of Administration, division of personnel and labor relations, providing a copy of the letter of agreement described in (1) of this subsection to the legislative finance division in electronic form not later than 30 days after the department enters into the letter of agreement.*

This deleted section authorized the payment of bonuses to unionized employees that are not part of a collective bargaining agreement but were authorized by letters of agreement between the executive branch and the union. Authorization was contingent on the executive branch providing copies of the letters of agreement to the Legislative Finance Division.

Legislative Fiscal Analyst Comment: The Department of Administration has provided LFD with copies of LOAs issued so far in FY24 as they are signed.

(b) The appropriation made in sec. 40(c) of this Act is contingent on passage by the Thirty-Third Alaska State Legislature and enactment into law of a version of Senate Bill 48 or a similar bill.

(c) The appropriation made in sec. 41(c) of this Act is contingent on passage by the Thirty-Third Alaska State Legislature and enactment into law of a version of Senate Bill 67 or a similar bill.

(d) The appropriation made in sec. 42(c) of this Act is contingent on passage by the Thirty-Third Alaska State Legislature and enactment into law of a version of Senate Bill 138 or a similar bill.

(e) The appropriation made in sec. 61(e) of this Act is contingent on the failure of a version of Senate Bill 52 or a similar bill increasing the base student allocation to be passed by the Thirty-Third Alaska State Legislature in the First Regular Session and enacted into law.

The **deleted sections** were contingencies related to fiscal note appropriations in HB 39.

Sec. 41. Section 40 of this Act takes effect immediately under AS 01.10.070(c).

Sec. 42. Sections 7 - 10 and 32(d) - (g) of this Act take effect June 30, 2024.

Sec. 43. Sections 4 - 6 of this Act take effect January 1, 2025.

Section 43 applies to the Alaska Marine Highway System section, which is budgeted on a calendar year basis.

Sec. 44. Except as provided in secs. 41 - 43 of this Act, this Act takes effect July 1, 2024.

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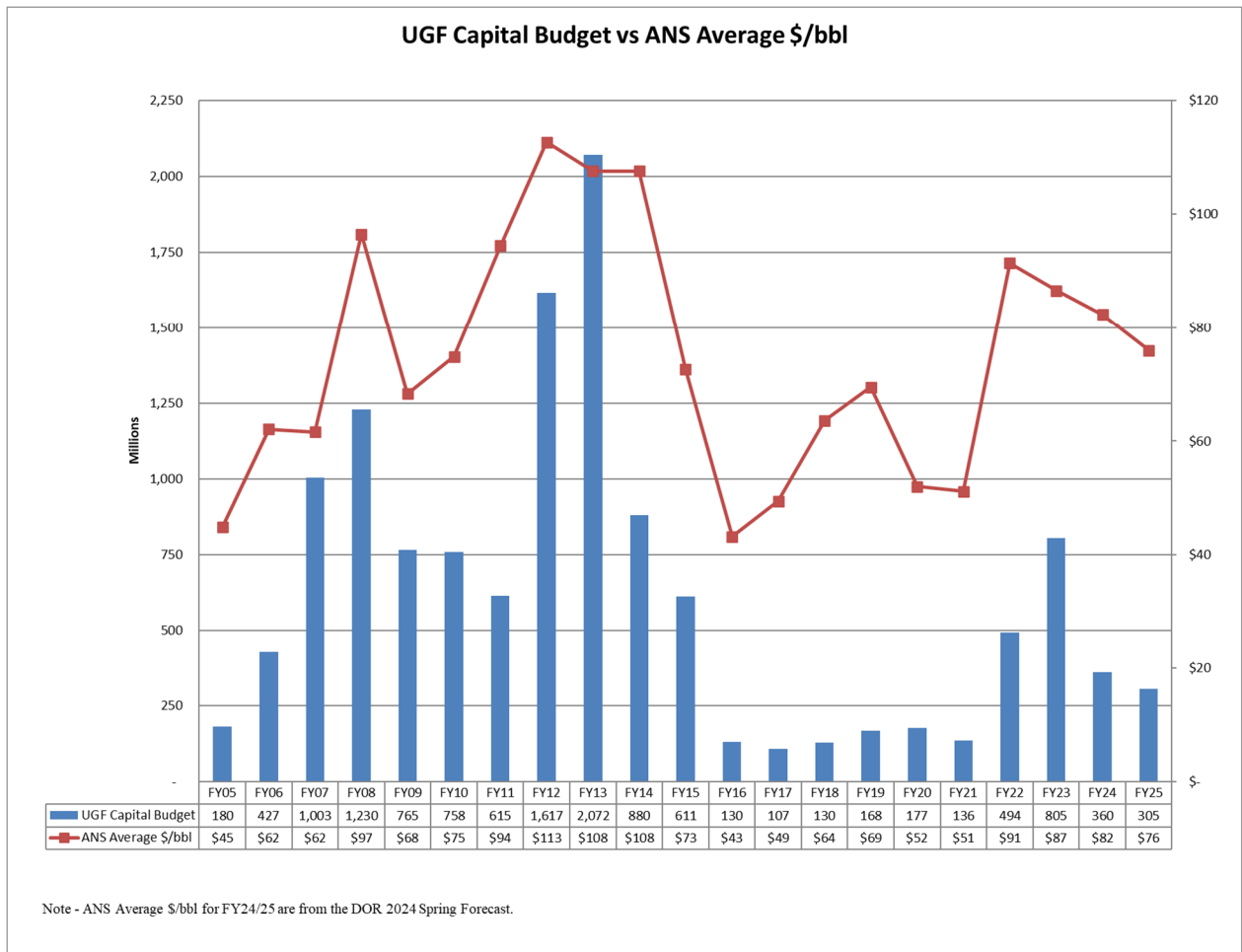
Capital Budget

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Capital Budget Overview

The Governor’s FY25 capital budget submission (including mental health capital items) totals \$3.5 billion, with \$3.0 billion in federal funding, and \$305.2 million of unrestricted general funds (UGF), of which \$152.0 is used for Federal match. This is a \$55.0 million (15 percent) decrease in UGF spending from FY24 authorized levels. The submission also includes one FY24 supplemental appropriation totaling \$5.0 million UGF.

The graph below shows the historical relationship between oil prices and UGF capital appropriations.



As illustrated in the graph, the years FY06 - FY15 saw unprecedented capital investment. During that ten-year span, over \$25.0 billion of state and federal funding was appropriated for capital projects. This includes nearly \$10 billion of UGF. As those projects were completed, lapsing balances were available for re-appropriation to new projects, so the true decline in capital spending was less dramatic than the data indicates. From FY16 - FY19, the budget included an

average of \$55.6 million of UGF reappropriations. From FY20 - FY23 that average has dropped to \$19.7 million. Few of the projects from the boom years remain open.

The FY17 - FY21 capital budgets primarily included projects that utilized non-UGF fund sources. However, the 2022 legislative session included almost a billion dollars in UGF capital spending spread across FY22 supplementals and FY23. The FY24 budget was closer to \$360 million.

The Governor's FY25 Capital Budget

The Governor's FY25 capital budget again focuses on leveraging federal transportation and Village Safe Water funding but includes some UGF-funded items deemed important by the Governor. The following table summarizes the Governor's budget by agency in thousands of dollars.

Department	UGF	DGF	Other	Federal	Total
Administration	\$ 2,350.0	\$ -	\$ -	\$ -	\$ 2,350.0
Commerce	\$ 13,581.6	\$ 6,875.0	\$ -	\$ 1,134,697.1	\$ 1,155,153.6
Corrections	\$ 12,104.3	\$ -	\$ -	\$ -	\$ 12,104.3
Education	\$ 8,256.6	\$ -	\$ -	\$ -	\$ 8,256.6
Environmental Conservation	\$ 22,450.0	\$ -	\$ 47,130.3	\$ 261,825.0	\$ 331,405.3
Family and Community Services	\$ -	\$ -	\$ -	\$ -	\$ -
Fish and Game	\$ 11,150.0	\$ -	\$ 8,050.0	\$ 29,500.0	\$ 48,700.0
Governor	\$ -	\$28,222.5	\$ -	\$ -	\$ 28,222.5
Health	\$ 1,325.0	\$ -	\$ 250.0	\$ -	\$ 1,575.0
Labor	\$ 480.0	\$ -	\$ -	\$ -	\$ 480.0
Military and Veterans Affairs	\$ 3,471.6	\$ -	\$ -	\$ 18,499.6	\$ 21,971.2
Natural Resources	\$ 8,545.0	\$ 2,950.0	\$ 175.0	\$ 23,130.0	\$ 34,800.0
Public Safety	\$ 22,754.8	\$ -	\$ -	\$ -	\$ 22,754.8
Revenue	\$ 51,700.0	\$ -	\$ 14,420.0	\$ 21,600.0	\$ 87,720.0
Transportation	\$ 127,777.5	\$23,185.0	\$ 102,409.9	\$ 1,487,258.5	\$ 1,740,630.9
University of Alaska	\$ 18,220.0	\$15,000.0	\$ -	\$ 14,480.0	\$ 47,700.0
Legislature	\$ -	\$ -	\$ -	\$ -	\$ -
Judiciary	\$ 1,000.0	\$ -	\$ -	\$ -	\$ 1,000.0
Total	\$ 305,166.4	\$76,232.5	\$ 172,435.2	\$ 2,990,990.2	\$ 3,544,824.3

Items of note in the Governor's capital budget include:

1. **Federal Program Match**
2. **Federal Infrastructure Bill (IIJA)**
3. **Alaska Marine Highway**
4. **Deferred Maintenance**
5. **Other Notable Items**

1. Federal Program Match

\$152.0 (50 percent) of the UGF in the Governor's capital budget is used to match federal funding totaling around \$1.7 billion.¹

The major federal match appropriations are:

- **Federal-Aid Highway Match** (Department of Transportation and Public Facilities) – \$93.8 million UGF to match \$895.6 million for the Surface Transportation Program (STP);
- **Federal-Aid Aviation State Match** (Department of Transportation and Public Facilities) – \$19.8 million UGF, and \$22 million in International Airport Receipts to match \$436.0 million for the Aviation Improvement Program; and
- **Village Safe Water and Wastewater Infrastructure Projects** (Department of Environmental Conservation) – \$22.4 million in UGF, and \$0.5 million in Statutory Designated Program Receipts to match \$242.3 million of federal funds.

For the last few years, the Governor's December budget has included single appropriations, without individual project allocations for both the Surface Transportation Program (STP) and Airport Improvement (AIP) programs. This has primarily been due to the timing and programming of the required federal planning documents – essentially allowing for as much time as possible before final decisions are made. Those individual project allocations have then been included with the Governor's amended budget on the 30th day of session. For a project to be eligible to receive funding in either the STP or AIP program, it must appear in a federally approved capital improvement plan. For highways, this means the Statewide Transportation Improvement Plan (STIP), and for rural airports, it means the Airport Improvement Plan (AIP). These plans follow federal requirements for project planning that include public involvement.

The Department will submit the draft STIP to the federal government in January 2024, covering FY25 through FY28. Disagreement between DOT&PF and the federal government has substantially delayed the process this year and created additional uncertainty about the content of the STIP going forward.

In FY22, the State spent around \$97 million on federal match prior to supplementals.² With the increases brought about with IJA (see Item 2) that number rose to \$152.2 million in FY23, and up to a high of \$171.3 million in FY24. That total has dropped back down to \$152.0 million in FY25.

¹ The total required UGF match for federal funding is reduced due to the use of \$23.2 million in federal toll credits in Alaska Marine Highway. This program allows the State to use Federal Highway funds to meet Federal Transportation Administration grant match. See section 3 for more detail.

² After the addition of supplementals the FY22 match number increased by \$19.8 million, primarily driven by IJA increases.

2. Federal Infrastructure Bill

In November of 2021, Congress passed the Infrastructure Investment and Jobs Act (IIJA). The bill provides funding to the State over a five-year period from federal fiscal year (FFY) 22 through FFY26. Funding has come in three forms: formula grants through existing programs, new formula grants to the State, and competitive grant funding from federal agencies. The majority of IIJA funding will come in the large federal programs that are in the State’s budget annually (detailed in the table below).

All three of these programs expanded substantially starting in the FY22 supplemental budget due to increased funding through IIJA. (See the table at right) At the same time however, project costs have also increased significantly over this period. In effect the added funding may not result in additional projects compared to FY21.

Major Federal Infrastructure Programs, FY21 - FY25			
(Millions of dollars)			
Fiscal Year	Federal-Aid Highway	Airport Improvement Program	Village Safe Water and Wastewater Infrastructure
FY21	\$650.0	\$214.4	\$68.5
FY22	\$863.0	\$475.2	\$70.8
FY23	\$868.5	\$447.2	\$159.8
FY24	\$777.0	\$386.4	\$247.7
FY25	\$895.6	\$436.0	\$242.3

New IIJA Programs

Alaska Energy Authority - Statewide Grid Resilience and Reliability - \$12.1 million Fed and \$1.8 million UGF

Section 40101 (d) of the IIJA established a formula grant program providing \$459.0 million annually over a period of five years to states (and Indian Tribes) to improve the resilience of the electric grid against disruptive events. The Department of Energy’s allocation of funds to the State of Alaska under IIJA 40101(d) is \$12.1 million annually for five years.

Clean Water and Drinking Water Capitalization Grant Subsidies - \$39.4 million Fed

The Department of Environmental Conservation currently anticipates \$423.7 million in federal capitalization grants to the Alaska Clean Water and Alaska Drinking Water State Revolving Loan Funds over the next five fiscal years. The Department is required to subsidize a percentage of loans made from the fund. Capital appropriations are required to record that subsidy in the State accounting system. The legislature previously appropriated \$21.8 million fed for this purpose in FY23 and \$45.3 million in FY24. The Governor proposes an additional \$3.3 million in UGF in the operating budget to capitalize the Clean Water and Drinking Water Funds due to the increase in match required that the bond receipts cannot fully cover.

Broadband Equity Access and Deployment Program – \$1.0 billion Fed

Alaska has been allocated \$1,017.1 million through the federal Broadband Equity Access and Deployment (BEAD) program. This will be used to fund grants to organizations in the state to advance and expand broadband access across Alaska. Funding is anticipated to be received in early FY25 and will be granted out over a period of four to five years. The initial \$5.0 million received for BEAD funding was already appropriated in FY23, and \$1,012.1 million in new authority is needed.

Legislative Fiscal Analyst Comment: It is not necessary to appropriate the full amount in the first year for the program to capture the full amount over the five-year period.

3. Alaska Marine Highway

IJA also included provisions for a Ferry Service for Rural Communities Program (FFSRC) which provides competitive funding to states to ensure basic essential ferry service is provided to rural areas. Eligible activities include capital, planning, and operating assistance for a ferry service that operated a regular schedule at any time during the five-year period ending March 1, 2020, and served not less than two rural areas located more than 50 sailing miles apart.

The bill provides up to \$196.0 million per year that the State may be eligible for.³ While no other state fits the criteria of the grant, the federal Secretary of Transportation has the flexibility to award funds to other states and territories that operate similar systems. For example, the program awarded \$21.3 million to American Samoa in 2023 that otherwise would have been available for Alaska.

The maximum federal share for capital and planning projects selected under FFSRC is 80 percent of the net project cost. The maximum federal share for operating projects selected under the FFSRC Program is 80 percent of net operating expenses. DOT&PF received \$38.1 million in grants for eligible operating expenses in FY24 which was well below the \$66.0 million that Alaska was eligible for.

The Governor's FY25 budget includes \$92.8 million in federal authority for the Tustumena Replacement Vessel (TRV). This funding is from the FFSRC grant approved by the Federal Transit Authority (FTA) at the end of 2023. This requires \$23.1 million in state matching funds. The Governor proposes the use of Federal Highway Administration (FHWA) funds under the "toll credit" program⁴ to cover this required match. The toll credit program allows the State to build credits when it spends AMHS revenue towards maintenance of the system. It can then use those credits to take existing FHWA grant funding for the AMHS and count it towards the match

³ [Ferry Service for Rural Communities Program - IJA § 71103 | FTA \(dot.gov\)](#)

⁴ A state may apply toll credits towards the non-Federal share requirement for programs authorized under title 23, U.S.C., or chapter 53 of title 49, U.S.C., except for the Emergency Relief program authorized by 23 U.S.C. 125.

requirement for FTA’s program. The Department has the agreement of both federal agencies for this use of funds for this purpose. The Department submitted a TRV proposal based on a total project cost of \$328.9 million. It previously received \$68.5 million in FFSRC funding in FY24 and used previously appropriated vessel replacement funds (\$22.0 million in FY18) to provide the \$17.1 million match. All told the TRV project will have \$206.5 million in identified sources of state and federal revenue, which is 63 percent of the total estimated vessel cost.

	FY18	FY24	FY25	Total
Hollow Federal Auth.*	200,000.0	-	-	n/a
Vessel Replacement Fund Match*	22,000.0	-	-	22,000.0
FTA Grants	-	68,488.3	92,800.0	161,288.3
FTA Grant Match	-	-	23,196.0	23,196.0
Total Programmed	22,000.0	68,488.3	115,996.0	206,484.3
TRV Estimated Cost				(328,900.0)
Current Unfunded Estimate				(122,415.7)

*\$200 million of federal authority and \$22 million of match was appropriated in FY18. Federal revenue has not been programmed to the \$200 million making it currently hollow authorization. A portion of the \$22 million match is being used to match the FY24 FTA Grant.

Legislative Fiscal Analyst Comment: The legislature appropriated \$200.0 million Federal budget authority to the Tustemena Vessel Replacement (TRV) project in FY18. The Department could access federal revenues (e.g.-grants) using that \$200m without further appropriation. However, the Department has chosen to put forward new requests for federal funding as new grants have been received. This has led to potential hollow federal authority that does not yet have a known federal revenue source.

4. Deferred Maintenance

Deferred maintenance (DM) is maintenance that has been deferred to another time, usually because of insufficient funding. The most recent estimates by the Office of Management and Budget provide a deferred maintenance backlog totaling just over \$2.2 billion for FY23 (see the table on the following page), which is an increase of 18 percent over the FY22 estimate.

The Governor’s FY25 capital budget spends \$28.2 million in Alaska Capital Income Fund (ACIF) funding on deferred maintenance managed through the Governor’s office. The Governor does not appropriate ACIF funding to be used for DM in Judiciary, which has been standard practice for the last several years.⁵

⁵ The ACIF is projected to earn \$28.2 million in FY25 according to the Department of Revenue in [2023 Fall Revenue Source Book](#). However, the forecasted revenue for FY24 has been reduced by \$7.0 million, creating a gap between the \$29.3 million appropriated in FY24 and what will be available to spend on DM.

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

Agency	FY23 Total DM Backlog	% of total DM Backlog	% of total DM Excl. University
Transportation & Public Facilities	\$ 288,606,300	13%	41%
Corrections	\$ 94,688,000	4%	13%
Natural Resources	\$ 89,603,600	4%	13%
DOT&PF Public Building Fund	\$ 79,796,900	4%	11%
Family & Community Services	\$ 45,803,800	2%	7%
Education & Early Development	\$ 31,868,200	1%	5%
Labor & Workforce Development	\$ 21,075,000	1%	3%
Fish & Game	\$ 19,231,000	1%	3%
Alaska Court System	\$ 16,260,700	1%	2%
Military & Veterans Affairs	\$ 6,965,000	0%	1%
Health	\$ 4,834,800	0%	1%
Public Safety	\$ 2,860,000	0%	0%
Environmental Conservation	\$ 1,899,800	0%	0%
Total without the University	\$ 703,493,100	32%	100%
University	\$ 1,513,538,253	68%	N/A
Total	\$ 2,217,031,353	100%	N/A

The Governor’s FY25 capital budget does not include specific funding for the University of Alaska’s deferred maintenance backlog, which makes up 68 percent of the State’s total. The University typically allocates a portion of its operating budget to deferred maintenance and the legislature often supplements that funding to address the sizeable backlog. University has had to reduce deferred maintenance funding as UGF operating support of the University has decreased. In SLA 2021, the Governor vetoed all capital appropriations to the University, totaling \$31.5 million. In SLA 2022, the legislature appropriated \$50.0 million as an FY22 supplemental that the Governor vetoed down to \$23.0 million. In SLA 2023 the Legislature appropriated \$39.0 million in maintenance projects and the Governor vetoed to \$3.6 million. The Governor has proposed a \$4.0 million increase in operating budget maintenance funding for the University in FY25.

The projected DM backlog grew from \$1.8 billion in FY22 to \$2.2 billion in FY23 based on inflationary pressures. There is no definitive rule on the level of preventative maintenance necessary to avoid deferred maintenance, but a 2012 National Research Council publication references a range between 2 to 4 percent of asset replacement value.

Legislative Fiscal Analyst Comment: The \$28.2 million appropriated in FY25 is well below the “2 percent rule:” general best practice maintenance should cost at least two percent of the property value per year. The State has over 2,400 facilities with a total value of around \$9.7 billion. Following the “2 percent rule,” basic maintenance on those buildings would be around \$194 million a year just to avoid a growing deferred maintenance backlog. The administration has pointed to an estimated \$76 million in operating budget spending for basic maintenance as a sign that the State is not neglecting

its maintenance needs, but the ongoing growth of the backlog strongly suggests that current operating budget expenditures are not meeting the State's facility maintenance need.

In addition to State-owned facilities, there are substantial deferred maintenance backlogs in school facilities and rural water and sewer facilities that receive maintenance funding from the State. Water and sanitation facility maintenance is funded through the Village Safe Water program, which is divided between new projects and maintenance of existing service. As of 2021, the total funding needed for necessary upgrades to existing sanitation was about \$580 million. There is an estimated \$1.2 billion in need for first time service in rural Alaska⁶. That cost is likely to have grown substantially with increased construction costs.

School district deferred maintenance is funded through the Major Maintenance Grant Fund. The FY25 list⁷ includes \$249.1 million of requested State funding for projects submitted by the districts. The \$249.1 million figure only accounts for those projects submitted by districts for the program and does not represent the total need of schools in the state. The FY23 amount on the list was \$196.6 million, and the FY24 amount was \$217.9 million. The FY23 budget directed \$37.5 million to the fund. Subsequently the list grew when districts recognized the possibility of grant funding after several years without funding. The Governor's FY25 budget appropriates \$4.2 million to School Major Maintenance. This would be enough funding to cover the first two projects of the 95-project list.

5. Other Notable Items

University of Alaska Fairbanks- Achieve Research 1 Status - \$10.0 million UGF, \$10.0 million DGF (Total \$20.0 million)

This appropriation is for the University of Alaska Fairbanks to achieve the status of Research 1 institution as defined by the Carnegie Classification System. It also has contingency language requiring the University to accomplish a goal of graduating 70 PhD students by Spring 2025 before the funding will be paid.

Legislative Fiscal Analyst Comment: This is not a legal capital appropriation per 37.07.120(4). Additionally, because of the contingency language this is more of a bonus for achieving a goal rather than funding to accomplish the goal.

Replacement Research Vessel for Gulf and Bering Sea - \$7.5 million UGF

Research Vessel Pandalus was deemed unseaworthy and disposed of in FY2024. Fish and Game requests a replacement rather than using charter boats to conduct research.

⁶ <https://dec.alaska.gov/media/22310/vsw-funding-needs-2021.pdf>

⁷ [FY25 MM Reconsideration Lists \(alaska.gov\)](#)

Patrol Vessel Enforcer Replacement - \$9.5 million UGF

The Governor previously proposed this capital project in FY24, but it was not funded by the legislature. The previous Patrol Vessel Enforcer was decommissioned due to design and safety concerns. The Governor's FY25 capital budget includes \$2.7 million for marine vessel maintenance and repair for existing vessels. There is no requested operating budget increase for routine maintenance of this new replacement vessel.

Pilatus PC12NG Aircraft Acquisition - \$6.2 million UGF

The Governor previously proposed this capital project in FY20 for \$9.0 million, but it was not accepted by the legislature. The Governor's FY25 budget proposal includes \$1.9 million for Aircraft maintenance and repair for the existing fleet. No additional operating budget increase is requested for routine maintenance of this new aircraft.

UA Drone Program- Year 3 - \$10.0 million UGF

The University is developing Unmanned Aircraft Systems technologies and conducting many of the testing operations needed to support the full integration of drones with traditional aircraft in United States airspace and develop the workforce needed to support this emerging industry in Alaska.

<p>Legislative Fiscal Analyst Comment: The University received a \$10.0 million Multiyear (FY23 - FY24) UGF appropriation in the operating budget for the same purpose and \$10.0 million in capital funding in FY24.</p>

Omitted Energy Grant Funding Match

The Governor's budget does not include funding for the recently announced Alaska Energy Authority (AEA) \$206.5 million federal grant for Grid Resilience and Innovation Partnership (GRIP) Topic Area 3: Grid Innovation through the United States Department of Energy. The Railbelt Innovation Resiliency project will construct a High Voltage Direct Current submarine cable to serve as a parallel transmission route from the Kenai Peninsula to Anchorage. The grant comes with a cost share of 100 percent, or \$206.5 million, which is required for a total project amount of \$413.0 million.

Early indications are that AEA will need between \$30 to \$35 million in matching funds for the GRIP project in FY25 and all the \$206.5 million in federal receipt authority. This could be accomplished through existing or new AEA bonding, but it may require UGF contingency language to make sure that the funding is available in time to start the project, which has a federally mandated eight-year time limit.

Sec. 4. SUPPLEMENTAL DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. The sum of \$5,000,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment as grant under AS 37.05.315 to the City and Borough of Wrangell for dam safety and stabilization improvements, for the fiscal year ending June 30, 2024.

Section 4 is a supplemental appropriation of \$5 million to Department of Commerce, Community, and Economic Development for payment of a grant to City and Borough of Wrangell for dam safety and stabilization improvements.

Legislative Fiscal Analyst Recommendation: This is a capital appropriation and does not require a fiscal year at the end of the appropriation. The effective date outlined in **section 12** is sufficient. Including the date may cause confusion about when the appropriation will lapse.

This item could be a numbers section appropriation; it appears to be in language because there are no other such appropriations in the bill at this point.

Sec. 5. FEDERAL AND OTHER PROGRAM RECEIPTS. Federal receipts, designated program receipts under AS 37.05.146(b)(3), information services fund program receipts under AS 44.21.045(b), Exxon Valdez oil spill trust receipts under AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund under AS 19.65.060(a), receipts of the vaccine assessment account (AS 18.09.230), receipts of the University of Alaska under AS 37.05.146(b)(2), receipts of the highways equipment working capital fund under AS 44.68.210, and receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(20) that are received during the fiscal year ending June 30, 2025, and that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

Section 5 provides appropriation of any of the listed receipts that are collected in FY25 beyond the amounts appropriated in the act. Although the appropriations are conditioned on review by the Legislative Budget and Audit Committee (LB&A), the Governor can increase authorization for listed fund sources without the approval of the Committee for expenditures that are subject to the statutory requirements. Similar language in the operating budget applies only to appropriations in the operating bill.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. The Legislative

Finance Division reports place no dollar value on appropriations made in this section as the amounts cannot be reasonably anticipated.

Legislative Fiscal Analyst Recommendation: The legislature included additional language in this section in FY24 that was carried forward in the corresponding Governor's proposed operating budget in FY25, but not in this capital section. The following sentence should be added to the end of this language to match what is included in the operating bill: "Receipts received under the subsection during the fiscal year ending June 30, 2025, do not include the balance of a state fund on June 30, 2024."

Sec. 6. INSURANCE CLAIMS. The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from the general fund to the

- (1) state insurance catastrophe reserve account (AS 37.05.289(a)); or
- (2) appropriate state agency to mitigate the loss.

Section 6 allows an agency to receive insurance claim settlement payments directly from a third party. Without this provision, settlements would remain in the general fund and would not be available to offset an agency's loss without a specific appropriation.

Sec. 7. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530(a)) under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 by June 30, 2024, estimated to be \$46,900,000, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

Section 7 appropriates the entire amount received (estimated to be \$46.9 million for FY24) from the revenue shared by the federal government from sales, rentals, bonuses, and royalties on leases issued within the NPR-A to the NPR-A Impact Grant Program. Grants are awarded to municipalities impacted by oil and gas development in the NPR-A. AS 37.05.530(g) states that receipts not appropriated as grants are to be distributed as follows: 25 percent to Permanent Fund Principal, 0.5 percent to the Public School Trust Fund, and any remaining amount to the Power Cost Equalization and Rural Electric Capitalization Fund.

Legislative Fiscal Analyst Comment: The estimated revenue figure does not match the estimate made by the Department of Revenue in the Fall 2023 Revenue Sources Book, which is \$29.1 million. The \$46.9 million estimate matches the Spring 2023 forecast.

Legislative Fiscal Analyst Recommendation: Modify the estimate to match the Fall revenue forecast.

Sec. 8. DEPARTMENT OF CORRECTIONS. The unexpended and unobligated balance, estimated to be \$3,587,547, of the appropriation made in sec. 11, ch. 1, SSSLA 2021, page 103, lines 28 - 30 (Department of Commerce, Community and Economic Development, grants to electric utilities to address delinquent payments due to COVID-19 - \$7,000,000), is reappropriated to the Department of Corrections for the purpose of statewide heating ventilation and air conditioning negative air isolation.

Section 8 reappropriates unexpended funding estimated to be \$3,587,574 to the Department of Corrections for heating and ventilation and air conditioning negative air isolation.

Funding: The underlying fund source for the original project was federal Coronavirus State and Local Fiscal Recovery Funds. All funds from this source must be obligated by December 31, 2024, and spent by September 30, 2026.

Sec. 9. UNIVERSITY OF ALASKA. The sum of \$20,000,000 is appropriated to the University of Alaska Fairbanks, to achieve Research 1 status as defined by the Carnegie Classification System, from the following sources:

- (1) \$10,000,000 from the unrestricted general fund;
- (2) \$10,000,000 from university receipts.

Section 9 appropriates \$20,000,000 to the University of Fairbanks to achieve the status of Research 1 institution as defined by the Carnegie Classification System.

Legislative Fiscal Analyst Comment: “Capital appropriation” is defined by AS 37.07.120(4), “...an allocation or appropriation item for an asset with an anticipated life exceeding one year and cost exceeding \$25,000 and includes land acquisition, construction, structural improvement, engineering and design for the project and equipment and repair costs.” A capital appropriation made for an operational goal is not a valid capital appropriation.

Legislative Fiscal Analyst Recommendation: This should be moved to the operating budget unless the purpose and title can be modified to be appropriate for the capital budget.

Sec. 10. LAPSE (a) The appropriations made in secs. 1, 4, 5, 7, and 8 of this Act are for capital projects and lapse under AS 37.25.020.

(b) The appropriation made in sec. 6(1) of this Act is for the capitalization of a fund and does not lapse.

(c) A grant awarded in this Act to a named recipient under AS 37.05.316 is for a capital project and lapses under AS 37.05.316 unless designated for a specific fiscal year.

Legislative Fiscal Analyst Recommendation: Subsection 6(2) should be included in the capital lapse language in **Subsection (a)**. **Section 9**, if it is modified to be a legal capital appropriation, should also be included in capital lapse language in **Subsection (a)**.

Sec. 11. CONTINGENCIES. The appropriation made in sec. 9 of this Act is contingent on the University of Alaska Fairbanks awarding at least 70 doctoral degrees during the academic year from the fall semester 2024 to the spring semester 2025.

Section 11 provides a contingency on funding made in section 9. Requiring that the University of Alaska Fairbanks award at least 70 doctoral degrees during the academic year from the fall semester 2024 to the spring semester 2025. If this contingency is not met the University will not get the funding.

Legislative Fiscal Analyst Comment: Enforcement of this contingency would require the State to withhold funding until the contingency is met.

Sec. 12. Section 4 of this Act takes effect June 30, 2024.

This identifies that **Section 4** takes effect in FY24 as a supplemental appropriation.

Sec. 13. Except as provided in sec. 12 of this Act, this Act takes effect July 1, 2024.

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Agency Narratives and Funding Summaries

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Admin**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Administration							
Centralized Admin. Services	101,634.5	101,740.6	101,740.6	103,691.1	104,754.1	3,013.5 3.0 %	1,063.0 1.0 %
Shared Services of Alaska	20,786.7	20,786.7	20,786.7	21,264.6	16,708.0	-4,078.7 -19.6 %	-4,556.6 -21.4 %
Admin State Facilities Rent	506.2	506.2	506.2	506.2	506.2	0.0	0.0
Public Communications Services	1,879.5	879.5	879.5	879.5	879.5	0.0	0.0
Office of Information Tech	58,666.9	59,656.8	59,656.8	59,516.1	60,709.1	1,052.3 1.8 %	1,193.0 2.0 %
Risk Management	38,039.4	38,039.4	38,039.4	36,072.8	36,072.8	-1,966.6 -5.2 %	0.0
Legal & Advocacy Services	79,501.5	80,938.9	80,938.9	79,243.5	79,243.5	-1,695.4 -2.1 %	0.0
Alaska Public Offices Comm	1,128.0	1,128.0	1,128.0	1,149.9	1,149.9	21.9 1.9 %	0.0
Motor Vehicles	19,478.6	19,478.6	19,478.6	20,028.0	20,028.0	549.4 2.8 %	0.0
Agency Total	321,621.3	323,154.7	323,154.7	322,351.7	320,051.1	-3,103.6 -1.0 %	-2,300.6 -0.7 %
Statewide Total	321,621.3	323,154.7	323,154.7	322,351.7	320,051.1	-3,103.6 -1.0 %	-2,300.6 -0.7 %
Funding Summary							
Unrestricted General (UGF)	88,290.5	89,823.9	89,823.9	87,184.1	87,923.1	-1,900.8 -2.1 %	739.0 0.8 %
Designated General (DGF)	31,886.1	31,886.1	31,886.1	32,746.4	33,031.5	1,145.4 3.6 %	285.1 0.9 %
Other State Funds (Other)	200,003.1	200,003.1	200,003.1	200,963.6	197,852.9	-2,150.2 -1.1 %	-3,110.7 -1.5 %
Federal Receipts (Fed)	1,441.6	1,441.6	1,441.6	1,457.6	1,243.6	-198.0 -13.7 %	-214.0 -14.7 %

Department of Administration
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Centralized Administrative Services / Office of Administrative Hearings	Replace IA/Receipts with General Funds to Avoid Significant Rate Increases to Clients Due to FY24 Salary Increases	Net Zero \$525.0 Gen Fund (UGF) (\$525.0) I/A Rcpts (Other)	<p>The FY24 budget included a 5 percent inflation increase for exempt and partially exempt employees along with an additional 15 percent for attorneys. In order to avoid passing this along to customers via increased rates, a funding source change replacing interagency receipts with general funds is proposed.</p> <p>The FY23 billable rate was \$228/hr. With inclusion of the 20 percent salary increases, the rate being billed in FY24 is \$273/hr (equivalent to a 20 percent increase over the FY23 rate). An infusion of general funds would allow for a reduction of the billable rate back to approximately \$230/hr.</p> <p>A similar supplemental request is also being discussed to reduce the FY24 rate and allow for refunds to any affected agencies.</p>
2	Centralized Administrative Services / Finance	Recruitment and Retention Incentives to Payroll Staff to Ensure Accurate and Timely Processing of Payroll	\$650.0 I/A Rcpts (Other)	<p>In FY24, \$1 million was appropriated for a statewide salary survey of all Executive Branch job classes as recruitment and retention has been a problem across numerous job classes. An indication of the imbalance in many state job classes' salaries has been continued use of Letters of Agreement (LOAs) made with state unions. These LOAs have been used to increase pay, provide bonuses and in various other creative ways to incentivize employment.</p> <p>The payroll section has had ongoing vacancy in the range of 35-45 percent. This increment is intended to create an incentive for former payroll employees to return to the section, and to help with recruiting employees from outside state government.</p> <p>In FY23, the Division paid out one-time retention bonuses of \$5,000 to Human Resource Technicians and a recruitment bonus of \$4,000 for the same position class. At the moment the Division is working with OMB and the Governor's office to determine the "most effective use and delivery of this funding for retention and recruitment incentives."</p> <p>Unlike the increment of UGF to avoid significant rate adjustments in the Office of Administrative Hearings,</p>

Department of Administration
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Centralized Administrative Services / Finance	Recruitment and Retention Incentives to Payroll Staff to Ensure Accurate and Timely Processing of Payroll	\$650.0 I/A Rcpts (Other)	(continued) the cost of this increment could be spread to all agencies.
3	Centralized Administrative Services / Finance	Add Positions to Support the IRIS (Accounting and Human Resources) System and ALDER (Enterprise Reporting) System	\$413.0 I/A Rcpts (Other) 3 PFT Positions	IRIS and ALDER are two very complex and integral information systems to the state. IRIS functions as the primary accounting (IRIS FN) and human resource (IRIS HRM) systems for most state agencies. Likewise ALDER provides enterprise reporting functions from these systems. This increment will add two Analyst Programmer positions to support IRIS and ALDER and a Business Analyst position for the HRM team.
4	Shared Services of Alaska / Office of Procurement and Property Management	Reduce Receipt Authority as a Result of Procurement Positions Being Transferred Back to State Agencies in FY2024	(\$4,556.6) I/A Rcpts (Other)	In accordance with Administrative Order 304, the Governor's proposed FY24 budget transferred 35 PFT positions from 12 agencies to consolidate and realign non-construction procurement services within DOA. However, as centralization efforts in other areas have been difficult to implement, the legislature in discussions with the administration, reverted the positions (and 3 additional positions previously transferred) back to agencies in the final FY24 budget. This transaction reduces the receipt authority no longer needed within the allocation.
5	Office of Information Technology / Licensing, Infrastructure & Servers	End User Cost Increases for Microsoft Licensed Products	\$1,030.0 Info Svc (Other)	Per the department, annual licensing costs for Microsoft products have risen by over \$1 million due to ongoing updates and the phasing out of legacy systems. These costs are passed on to end users through the shared services rates methodology. This increment will allow additional expenditure from the Information Services Fund where the revenue from shared services rates are collected.
6	Legal and Advocacy Services / Office of Public Advocacy	Federal Grant Related to the Court Appointed Special Advocate (CASA) Program No Longer Available	Net Zero (\$214.0) Fed Rcpts (Fed) \$214.0 Gen Fund (UGF)	The Court Appointed Special Advocate (CASA) program assists Guardian ad Litems (GALs) by assigning a mentor to a child or children in a specific family. They work with that family and directly report to the GAL assigned to the Child in Need of Aid case. CASAs are volunteers from the community who are trained through the CASA program. Historically, federal grant funding has been received to

Department of Administration
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Legal and Advocacy Services / Office of Public Advocacy	Federal Grant Related to the Court Appointed Special Advocate (CASA) Program No Longer Available	Net Zero (\$214.0) Fed Rcpts (Fed) \$214.0 Gen Fund (UGF)	(continued) assist with administration of the program, but in FY23 the grant was no longer awarded and future receipt is not expected. In FY23, OPA received supplemental funding for operations and was able to absorb the cost due to high vacancy. As positions are filled, however, less funding will be available. This request replaces the grant receipts with general funds to continue the program. An FY24 supplemental request for this funding might also be expected.
7	Legal and Advocacy Services / Office of Public Advocacy	Add Four Non-Permanent Positions to Address Case Backlog (FY24-25)	\$411.0 Gen Fund (UGF) 4 TMP Positions MultiYr	Supplemental The appointment to a Public Guardian is an option of last resort for adults who are deemed by a court to need assistance in making decisions on their behalf including finances, housing and health care. The majority of appointed guardians are family and friends (71 percent), however, those without that resource become wards of the State and require a State official called a Public Guardian to oversee them. These Public Guardians currently manage approximately 1,600 Alaskans, many of whom are disabled or otherwise incapacitated. As of January 2024, there were 27 of the 31 Public Guardians positions filled with 17 of those being Certified Public Guardians. The 10 non-certified Guardians do not carry and full caseload and assist the certified guardians. The caseload count in January 2024 is 1,618 which averages to 95 caseloads per Certified Public Guardian. The recommended caseload level by the National Guardianship Association is 40 cases (which would essentially require 40 total Certified Public Guardians or an additional 23 over the current 17) . This increment would add four temporary positions (two Public Guardians and two support staff) bringing the total number for the section to 33. Difficulty in recruitment and retention and the challenges surrounding the court ordered requirement to provide guardianship was documented in the news during 2023. This most recent article in the

Department of Administration
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Legal and Advocacy Services / Office of Public Advocacy	Add Four Non-Permanent Positions to Address Case Backlog (FY24-25)	\$411.0 Gen Fund (UGF) 4 TMP Positions MultiYr	<p>(continued) Anchorage Daily News summarizes the situation well: https://www.adn.com/alaska-news/2023/12/19/spending-proposal-offers-new-positions-but-wont-be-enough-to-resolve-alaskas-public-guardian-shortage/</p> <p>When asked about alternatives other than money and people to provide relief to the challenges facing the agency, the director suggested solutions such as implementing a waitlist, prioritizing new cases on the basis of urgency and need, and appointing private attorneys to serve as temporary guardians, using a separate pool of state funds.</p> <p>Fiscal Analyst Comment: The legislature may want to consider alternative solutions to addressing the immediate caseload issue. Adding money and positions, while effective in theory over the long-term, will not provide short-term relief.</p>

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure

Numbers and Language
Agencies: DCCED

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Commerce, Community & Econ Dev							
Executive Administration	8,643.4	8,643.4	8,643.4	8,707.3	10,425.3	1,781.9 20.6 %	1,718.0 19.7 %
Banking and Securities	4,934.0	4,934.0	4,934.0	5,095.5	5,095.5	161.5 3.3 %	0.0
Community and Regional Affairs	12,937.2	140,060.9	140,060.9	12,969.5	17,457.0	-122,603.9 -87.5 %	4,487.5 34.6 %
Revenue Sharing	22,728.2	22,728.2	22,728.2	22,728.2	22,728.2	0.0	0.0
Corp, Bus & Prof Licensing	18,527.7	19,233.3	19,233.3	19,581.9	19,761.9	528.6 2.7 %	180.0 0.9 %
Economic Development	0.0	705.5	705.5	0.0	0.0	-705.5 -100.0 %	0.0
Investments	5,628.5	5,628.5	5,628.5	5,792.6	5,792.6	164.1 2.9 %	0.0
Tourism Marketing	5,000.0	2,500.0	2,500.0	0.0	0.0	-2,500.0 -100.0 %	0.0
Insurance Operations	9,248.6	9,248.6	9,248.6	8,480.3	9,580.3	331.7 3.6 %	1,100.0 13.0 %
AK Oil & Gas Conservation Comm	8,543.3	9,451.3	9,451.3	9,562.5	9,712.5	261.2 2.8 %	150.0 1.6 %
Alcohol and Marijuana Control	4,530.1	4,530.1	4,530.1	4,449.6	4,449.6	-80.5 -1.8 %	0.0
AK Gasline Development Corp	6,172.2	6,172.2	6,172.2	3,086.1	3,086.1	-3,086.1 -50.0 %	0.0
Alaska Energy Authority	58,120.7	58,120.7	58,120.7	57,316.6	60,541.8	2,421.1 4.2 %	3,225.2 5.6 %
AIDEA	18,745.2	18,745.2	18,745.2	19,027.3	20,244.5	1,499.3 8.0 %	1,217.2 6.4 %
Alaska Seafood Marketing Inst	26,739.4	28,329.0	28,329.0	21,800.0	21,800.0	-6,529.0 -23.0 %	0.0
Regulatory Commission of AK	10,225.2	10,225.2	10,225.2	10,498.0	10,498.0	272.8 2.7 %	0.0
DCCED State Facilities Rent	1,359.4	1,359.4	1,359.4	1,359.4	1,359.4	0.0	0.0
Agency Total	222,083.1	350,615.5	350,615.5	210,454.8	222,532.7	-128,082.8 -36.5 %	12,077.9 5.7 %
Statewide Total	222,083.1	350,615.5	350,615.5	210,454.8	222,532.7	-128,082.8 -36.5 %	12,077.9 5.7 %
Funding Summary							
Unrestricted General (UGF)	22,712.8	21,160.2	21,160.2	10,775.9	10,960.4	-10,199.8 -48.2 %	184.5 1.7 %
Designated General (DGF)	111,023.0	111,549.2	111,549.2	111,745.2	112,953.2	1,404.0 1.3 %	1,208.0 1.1 %
Other State Funds (Other)	56,856.9	56,856.9	56,856.9	56,342.1	63,027.5	6,170.6 10.9 %	6,685.4 11.9 %
Federal Receipts (Fed)	31,490.4	161,049.2	161,049.2	31,591.6	35,591.6	-125,457.6 -77.9 %	4,000.0 12.7 %

Department of Commerce, Community and Economic Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Executive Administration / Alaska Broadband Office	Continued Implementation of Federal Broadband Grants	\$1,406.0 CIP Rcpts (Other) 1 PFT Position	<p>Efforts continue to implement elements of the federal Broadband, Equity, Access and Deployment (BEAD) program. Multiple increments of federal funding via the capital budget (CIP Receipts) are added to continue standing up operations. These include:</p> <ul style="list-style-type: none"> - \$300.0 for a Project Coordinator and targeted contractual support; - \$120.0 to fund a Research Analyst position in Community and Regional Affairs for project support including geographic information system (GIS) mapping and program analysis. <p>Additionally, to meet the federal requirement for streamlined permitting, funding is added to pay for dedicated permitting positions in other agencies. These include:</p> <ul style="list-style-type: none"> -\$246.0 for two right-of-way permit positions in the Department of Transportation and Public Facilities; -\$740.0 for multiple other positions in relevant agencies to work with the Office of Project Management and Permitting (OPMP) to manage permitting and land activities.
2	Community and Regional Affairs / Community and Regional Affairs	Provide Support to Alaskan Food Banks and Pantries to Promote Food Security Supplemental	\$3,000.0 Gen Fund (UGF)	The grant program details for this funding are still under consideration, but the goal would be to provide funding to a broad group of food providers. The number of projected grantees is not yet known. In FY23, \$1.682 million was distributed to food banks across Alaska through the Department of Health (DOH). When determining an amount for the FY24 Supplemental, OMB worked with DCCED and DOH to set a higher amount based on an anticipated increased need. The new funds will be distributed via a grant program and will include, food banks, food pantries, and other entities that distribute food.
3	Community and Regional Affairs / Serve Alaska	Federal Receipt Authority for Extended Federal Grants	\$4,000.0 Fed Rcpts (Fed)	<p>Serve Alaska works in partnership with the Corporation for National and Community Service bringing Americorps programs to Alaska. Increased federal receipt authority is desired to manage grant funding staggered over multiple years and to pursue additional federal grants.</p> <p>With this increment Serve Alaska would have \$5.9 million of authority for FY25 with projected federal grant revenue near \$5.8 million.</p>

Department of Commerce, Community and Economic Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Restore Big Game Commercial Services Board Executive Administrator	\$160.0 Rcpt Svcs (DGF) 1 PFT Position	<p>Due to frequent violations and investigations relating to big game guiding in Alaska, the legislature created an executive director position to oversee the Big Game Board in an attempt to gain some control over the issues. The funding was added on a one-time basis in FY24 and this increment would add it to the base budget moving forward.</p> <p>The fund source used for FY24 was GF/Program Receipts which are generated from business licensing and corporation filing receipts. The proposal for FY25 uses Receipt Supported Services revenue which is generated from professional licensing and the more appropriate fund source.</p>
5	Tourism Marketing / Tourism Marketing	Reverse One-Time Increment of Tourism Marketing Grant to the Alaska Travel Industry Association (ATIA)	(\$2,500.0) Gen Fund (UGF)	<p>Tourism marketing has received funding in both the operating and capital budgets over the years. The Alaska Travel Industry Association (ATIA) is the usual recipient of the funding and uses it in creating and distributing the Alaska Vacation Planner, managing the TravelAlaska website, and collecting and analyzing visitor statistics.</p> <p>Prior to FY17, funding was appropriated each year in the operating budget. In FY18, it was moved to the capital budget as a grant to ATIA where it has appeared intermittently since.</p> <p>For FY24, the governor proposed an amount in the capital budget following the precedent of recent years. During session, however, the legislature deemed the money necessary to the operations of ATIA and moved the appropriation to the operating budget as a one-time increment (IncOTI).</p> <p>The Governor's FY25 budget again places the grant back in the capital budget and this OTI transaction is highlighted here to show that money is proposed for tourism marketing, but not in the FY25 operating budget.</p>

Department of Commerce, Community and Economic Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Alaska Gasline Development Corporation / Alaska Gasline Development Corporation	Reverse General Fund for Alaska Gasline Development Corporation Annual Operating Costs	(\$3,086.1) Gen Fund (UGF)	<p>The Governor's FY24 budget included a fund source change from the AK-LNG Fund to Unrestricted General Funds (UGF). AGDC operations have historically been funded from the balance of the AK-LNG Fund which has been capitalized multiple times over the years. The fund balance was projected to go negative in FY24 without an infusion of capital. Instead the Governor chose to fund operations with a UGF base budget adjustment - deleting use of the AK-LNG Fund and substituting it with UGF. This would have effectively created an ongoing operating funding amount for AGDC.</p> <p>Later in session, the Governor requested an amendment to include \$4 million of federal receipts with \$2.5 million UGF state match to capitalize the AK-LNG Fund. As a result of the fund capitalization amendment, the legislature created a One-Time Increment of \$3.1 million UGF while maintaining the \$3.1 million expenditure authority from the AK-LNG Fund.</p> <p>In the FY25 proposal, the \$3.1 million UGF OTI is removed in the Adjusted Base and is being replaced with a fund capitalization of the same amount in the language section (section 31(u)) to the AK-LNG fund. This action coupled with the base budget expenditure authority from the AK-LNG Fund (Fund Code 1235) would give AGDC a flat operating budget of \$3.1 million for FY25.</p>
7	Alaska Energy Authority / Alaska Energy Authority Rural Energy Assistance	Infrastructure Investment and Jobs Act (IIJA) Staff Support (FY25-FY29)	\$1,249.5 CIP Rcpts (Other) IncT	<p>This temporary increment adds seven positions and associated expenditure authority to the operating budget funded by federal IIJA receipts received in the FY24 capital budget. A corresponding transaction is included in the Alaska Industrial Development and Export Authority (AIDEA) to reflect the personal services costs as all AEA employees are housed within AIDEA. AEA reimburses AIDEA for payroll costs through inter-agency receipts.</p> <p>The following positions are added: -Two Full-time Project Managers, located in Anchorage -Senior Contracting Officer, located in Anchorage</p>

Department of Commerce, Community and Economic Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Alaska Energy Authority / Alaska Energy Authority Rural Energy Assistance	Infrastructure Investment and Jobs Act (IIJA) Staff Support (FY25-FY29)	\$1,249.5 CIP Rcpts (Other) IncT	(continued) -Grant Accountant, located in Anchorage -Accounting Technician, located in Anchorage -Engagement and Communications Specialist, located in Anchorage -Administrative Assistant, located in Anchorage The positions will provide support to the below FY24 capital projects: -Statewide Grid Resilience and Reliability -Electric Vehicle Charging Equipment -New Energy Auditor Training -State Energy Program
8	Alaska Seafood Marketing Institute / Alaska Seafood Marketing Institute	Reverse One-Time Increment of General Fund Participation in Seafood Marketing	(\$5,000.0) Gen Fund (UGF)	Last session, the Governor put forth a one-time FY24 Increment of \$5 million UGF for the Alaska Seafood Marketing Institute (ASMI), which was approved by the legislature. ASMI had not received UGF since FY18 and had primarily relied on the Alaska Seafood Marketing Assessment (AS 16.51.120) and competitive federal grant funding. For FY25, this one-time funding is removed and no amount of additional state funding is included. With the ASMI budget, however, is recurring language that allows for seafood assessment revenue carry-forward. The revenue carry-forward for FY24 is \$15.8 million with projections of approximately \$16.2 million into FY25. This would be more than sufficient funding for ASMI to have a flat FY25 budget without further state funding assistance.

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Corr**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Corrections							
Facility Capital Improvement	1,599.4	1,599.4	1,599.4	1,620.9	1,620.9	21.5 1.3 %	0.0
Administration and Support	11,239.2	11,114.2	11,114.2	12,295.0	12,295.0	1,180.8 10.6 %	0.0
Population Management	286,736.1	286,736.1	286,736.1	294,224.8	304,034.8	17,298.7 6.0 %	9,810.0 3.3 %
Community Residential Centers	17,987.4	17,987.4	17,987.4	17,987.4	23,737.4	5,750.0 32.0 %	5,750.0 32.0 %
Electronic Monitoring	2,322.9	2,322.9	2,322.9	2,387.5	2,762.5	439.6 18.9 %	375.0 15.7 %
Health and Rehab Services	85,858.5	85,858.5	85,858.5	87,415.3	91,165.3	5,306.8 6.2 %	3,750.0 4.3 %
Offender Habilitation	1,600.8	1,600.8	1,600.8	1,616.4	1,616.4	15.6 1.0 %	0.0
Recidivism Reduction Grants	2,506.3	1,756.3	1,756.3	1,757.8	1,757.8	1.5 0.1 %	0.0
24 Hr. Institutional Utilities	11,662.6	11,662.6	11,662.6	11,662.6	11,662.6	0.0	0.0
Agency Total	421,513.2	420,638.2	420,638.2	430,967.7	450,652.7	30,014.5 7.1 %	19,685.0 4.6 %
Statewide Total	421,513.2	420,638.2	420,638.2	430,967.7	450,652.7	30,014.5 7.1 %	19,685.0 4.6 %
Funding Summary							
Unrestricted General (UGF)	367,424.5	366,549.5	366,549.5	375,711.0	407,552.2	41,002.7 11.2 %	31,841.2 8.5 %
Designated General (DGF)	14,355.5	14,355.5	14,355.5	14,438.2	14,813.2	457.7 3.2 %	375.0 2.6 %
Other State Funds (Other)	22,343.6	22,343.6	22,343.6	22,889.9	10,358.7	-11,984.9 -53.6 %	-12,531.2 -54.7 %
Federal Receipts (Fed)	17,389.6	17,389.6	17,389.6	17,928.6	17,928.6	539.0 3.1 %	0.0

Department of Corrections
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Population Management / Recruitment and Retention	Increase Funding to Address Medical Testing and Travel Cost Increases	\$125.0 Gen Fund (UGF)	<p>The Alaska Police Standards Council requires all Correctional Officer and Probation Officer applicants to undergo medical testing. Prior to a 2022 Letter of Agreement (LOA) with the Alaska Correctional Officers Association, DOC only paid those costs for applicants who receive a conditional job offer and who do not have insurance or whose insurance did not cover pre-employment testing. Under the terms of that LOA, DOC now covers the cost for all applicants who receive a conditional offer. The Department plans to continue this practice in the future beyond the original terms of the LOA.</p> <p>The cost of the medical testing has increased from \$217 per applicant to \$890. This increment covers that cost increase as well as travel costs for applicants.</p>
2	Population Management / Institution Director's Office	Increase Funding to Address Operational Cost Increases in Multiple Institutions	\$5,450.0 Gen Fund (UGF)	<p>In FY24, the Governor requested an increment to Population Management of \$7.5 million UGF to cover multiple cost increases, including overtime and incentive costs, services costs, and commodities costs. The legislature transferred this \$7.5 increment to a new allocation titled "Overtime and Incentive Costs" to more clearly identify costs associated with that purpose.</p> <p>When actual vacancy rates for correctional officers exceed the budgeted vacancy factor, the additional hours are covered through overtime because DOC has to maintain staffing levels. Since overtime is paid at time-and-a-half and often goes to more senior employees, the cost of covering for a vacant position greatly exceeds the cost savings from the higher vacancy rate. In addition, DOC has a number of hiring incentives (most notably a \$10,000 signing bonus) due to recruitment challenges.</p> <p>The Department reports that to date, DOC's costs in the "Overtime and Incentive Costs" allocation exceed the \$7.5 million budgeted for that purpose, and the transfer to that allocation left the services and commodities cost increases underfunded. In FY25, the Governor's increment to Population Management covers the additional costs not covered by the \$7.5 million increase in FY24. While the increment is on</p>

Department of Corrections
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Population Management / Institution Director's Office	Increase Funding to Address Operational Cost Increases in Multiple Institutions	\$5,450.0 Gen Fund (UGF)	<p>(continued) the services line in the Institution Director's Office allocation, the Department intends to spread the funding throughout the 13 operating facilities on multiple line items.</p> <p>Fiscal Analyst Comment: If the legislature wants to maintain the Overtime and Incentive Costs allocation in the FY25 budget, additional funding should be transferred to that allocation to match expected costs.</p> <p>Population Management received a \$17.6 million supplemental appropriation in FY23, and a \$9.7 million supplemental appropriation in FY22. The current budget structure and funding level has not historically fully captured true costs, particularly the cost of overtime.</p>
3	Population Management / Various	ACOA 2% COLA from FY2024 Authorized by LOA #22CO175	<p>Total: \$2,594.1</p> <p>\$169.8 Fed Rcpts (Fed) \$2,351.5 Gen Fund (UGF) \$13.5 GF/Prgm (DGF) \$59.3 Rest Just (Other)</p>	<p>In 2022, the Department and the Alaska Correctional Officers Association (ACOA) entered into Letter of Agreement #22CO175, which authorized 2 percent Cost of Living Adjustments (COLA) for correctional officers in each of FY22, FY23, and FY24 above the amount authorized in the original bargaining contract (compounding). In 2022, the Governor requested funding for the FY22 and FY23 portions, which the legislature approved.</p> <p>In FY24, the Governor did not submit Salary Adjustments for ACOA, leaving the 2 percent increase unfunded. The Governor is requesting that amount be added in FY25, but funding is still needed in FY24 to ratify the contract.</p> <p>Fiscal Analyst Comment: AS 23.40.215(a) provides that "The monetary terms of any agreement entered into under AS 23.40.070 - 23.40.260 are subject to funding through legislative appropriation." Since no funding was requested or provided for this agreement in FY24, the monetary terms of this agreement were not ratified. To approve the third year of funding, the legislature will need to agree to a supplemental and to retroactively ratify the contract effective July 1, 2023. Otherwise, the higher salaries that are currently being paid out in FY24 lack legal authority.</p>

Department of Corrections
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Population Management / Various	ACOA 2% COLA from FY2024 Authorized by LOA #22CO175	Total: \$2,594.1 \$169.8 Fed Rcpts (Fed) \$2,351.5 Gen Fund (UGF) \$13.5 GF/Prgm (DGF) \$59.3 Rest Just (Other)	(continued) ACOA is currently negotiating a new contract beginning for FY25, so there may be additional COLA increases coming in future amendments.
4	Population Management / Various	Replace Funding Source to Align with Balance in Restorative Justice Fund	Net Zero \$6,846.9 Gen Fund (UGF) (\$6,846.9) Rest Just (Other)	The amount of Restorative Justice Account funding available for appropriation each year is set in a statutory calculation under AS 43.23.048 to determine the sum of Permanent Fund Dividends forfeited by Alaskans with certain criminal convictions. In FY24, the amount was based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year, and in FY25 it is based on 7,556 ineligible Alaskans and a \$1,312 dividend for the qualifying 2022 calendar year. AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses: 10% - Crime Victims Comp. Fund (10-13%) 3% - Legislature - Office of Victims' Rights (2-6%) 4% - Public Safety - Nonprofit Services for Crime Victims (1-3%) 4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%) 79% - Corrections - Costs Related to Incarceration or Probation (79-88%) The fund changes in Population Management remove this fund source entirely from this appropriation. It remains in the Health and Rehabilitation Services appropriation.
5	Population Management / Pre-Trial Services	Increase Funding to Address Pre-Trial Services Contractual Cost Increases	\$4,235.0 Gen Fund (UGF)	Pre-Trial Services costs continue to increase due to more persons being placed on electronic monitoring: in FY22, 62 percent of the pre-trial population was on electronic monitoring, while in FY24 that figure is up to 75 percent. Fiscal Analyst Comment: Pre-Trial Services received

Department of Corrections
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Population Management / Pre-Trial Services	Increase Funding to Address Pre-Trial Services Contractual Cost Increases	\$4,235.0 Gen Fund (UGF)	(continued) supplemental appropriations of \$3,948.1 in FY22 and \$4,470.8 in FY23, with no corresponding increases in the base budget. Based on this trend, an FY24 supplemental request appears likely. This increment adds funding to the base budget that had previously been funded through supplemental appropriations.
6	Community Residential Centers / Community Residential Centers	Funding to Address Increased Community Residential Center Contractual Costs	\$5,750.0 Gen Fund (UGF)	\$2.75 million of this Increment is for an increase in utilization. Community Residential Center (CRC) utilization has increased steadily, from an average of 321 persons in FY22 to 371 in FY23, and 423 in FY24 through December 2023. Two of the CRCs use flat rate contracts, so utilization does not cause costs to increase, but the remainder use a tiered pricing model so an increase in bed use results in increased costs. \$3.0 million is for a newly renegotiated contract with the CRC in Juneau; the new contract resulted in costs increasing by 50%. The remaining CRC contracts will expire on May 31, 2024 and will go to bid during the 2024 legislative session. No costs increases from these upcoming contracts are included in this increment.
7	Electronic Monitoring / Electronic Monitoring	Increase Funding to Address Rising Costs in Electronic Monitoring Program	\$375.0 GF/Prgm (DGF)	Electronic Monitoring (EM) utilization for offenders placed in the community has increased from an average daily count of 192 in FY23 to 212 in FY24. The Department reports that the "EM program provides an alternative to incarceration and allows offenders that qualify to serve their sentence at a lower cost freeing up institutional 'hard' beds for more serious offenders." General Fund Program Receipt (GF/PR) revenue is collected from user fees for participation in the EM program. Fiscal Analyst Comment: In FY22, the legislature reduced GF/PR authority by \$1.4 million based on an expected drop in revenue. With the increased utilization of the program, revenue has exceeded receipt authority in the past two fiscal years.

Department of Corrections
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Health and Rehabilitation Services / Physical Health Care	Increase Funding to Address Rising Cost of Fee-for-Service Contracts	\$3,750.0 Gen Fund (UGF)	<p>Due to challenges in recruitment and retention of in-house medical staff, the Department has had to rely more heavily on fee-for-service contracts. These costs are generated when it is necessary to seek non-institutional medical care for an inmate. While the Department experiences a savings from the vacant positions, these contractual arrangements are more expensive and result in increased costs overall.</p> <p>Fiscal Analyst Comment: The FY24 budget reduced Physical Health Care funding by \$7.5 million UGF based on successful cost containment measures, so this increment effectively reverses half of that reduction.</p>
9	Health and Rehabilitation Services / Physical Health Care	Replace Restorative Justice Account Authority with General Funds	<p>Net Zero</p> <p>\$5,684.3 Gen Fund (UGF) (\$5,684.3) Rest Just (Other)</p>	<p>The amount of Restorative Justice Account funding available for appropriation each year is set in a statutory calculation under AS 43.23.048 to determine the sum of Permanent Fund Dividends forfeited by Alaskans with certain criminal convictions. In FY24, the amount was based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year, and in FY25 it is based on 7,556 ineligible Alaskans and a \$1,312 dividend for the qualifying 2022 calendar year.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p>10% - Crime Victims Comp. Fund (10-13%) 3% - Legislature - Office of Victims' Rights (2-6%) 4% - Public Safety - Nonprofit Services for Crime Victims (1-3%) 4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%) 79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p>

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Educ**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov		
Education & Early Dev									
K-12 Aid to School Districts	1,441,727.6	1,354,284.6	1,354,284.6	1,237,612.7	1,237,612.7	-116,671.9	-8.6 %	0.0	
K-12 Support	13,746.6	15,141.2	15,141.2	13,746.6	13,754.6	-1,386.6	-9.2 %	8.0	0.1 %
Education Support and Admin	316,874.8	453,585.8	453,585.8	291,262.8	308,411.1	-145,174.7	-32.0 %	17,148.3	5.9 %
AK State Council on the Arts	3,939.4	3,953.8	3,953.8	3,932.7	3,932.7	-21.1	-0.5 %	0.0	
Commissions and Boards	268.0	268.0	268.0	271.3	271.3	3.3	1.2 %	0.0	
Mt. Edgecumbe High School	15,040.1	16,745.3	16,745.3	15,236.9	15,686.1	-1,059.2	-6.3 %	449.2	2.9 %
State Facilities Rent	1,068.2	1,068.2	1,068.2	1,068.2	718.2	-350.0	-32.8 %	-350.0	-32.8 %
Libraries, Archives & Museums	11,461.7	11,557.7	11,557.7	11,720.4	11,820.4	262.7	2.3 %	100.0	0.9 %
Alaska Postsecondary Education	15,924.5	15,924.5	15,924.5	16,067.3	16,067.3	142.8	0.9 %	0.0	
AK Student Loan Corporation	9,800.2	9,800.2	9,800.2	9,800.2	9,800.2	0.0		0.0	
Student Financial Aid Programs	17,591.8	17,591.8	17,591.8	17,591.8	17,591.8	0.0		0.0	
Agency Total	1,847,442.9	1,899,921.1	1,899,921.1	1,618,310.9	1,635,666.4	-264,254.7	-13.9 %	17,355.5	1.1 %
Statewide Total	1,847,442.9	1,899,921.1	1,899,921.1	1,618,310.9	1,635,666.4	-264,254.7	-13.9 %	17,355.5	1.1 %
Funding Summary									
Unrestricted General (UGF)	1,482,256.5	1,387,708.1	1,387,708.1	1,250,214.7	1,267,522.3	-120,185.8	-8.7 %	17,307.6	1.4 %
Designated General (DGF)	25,826.0	26,448.1	26,448.1	25,293.4	25,293.4	-1,154.7	-4.4 %	0.0	
Other State Funds (Other)	69,263.9	69,263.9	69,263.9	72,429.2	72,386.4	3,122.5	4.5 %	-42.8	-0.1 %
Federal Receipts (Fed)	270,096.5	416,501.0	416,501.0	270,373.6	270,464.3	-146,036.7	-35.1 %	90.7	

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	K-12 Aid to School Districts / Foundation Program	FY2025 Estimated Foundation Program Expenditures from Public Education Fund	Total: \$1,166,581.2 \$1,110,701.3 Gen Fund (UGF) \$20,791.0 Impact Aid (Fed) \$35,088.9 Pub School (Other)	<p>AS 14.17.300(b) allows for funds to be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in the Foundation Program, a Miscellaneous Adjustment is used to track anticipated spending. The FY25 Foundation Program estimate includes a base student allocation of \$5,960, unchanged from FY24 and \$30 higher than FY23.</p> <p>FY25 Base Student Allocation state aid is projected to be \$27 million lower than FY24. This is due to projected minimum required local effort increasing by \$12 million, deductible federal Impact Aid increasing by \$16 million, a \$2 million decrease in Basic Need, and a \$3 million increase for early education grants.</p> <p>The FY24 and FY25 estimates in the Governor's budget are based on draft student counts and will change when the student counts are finalized. The public school Foundation Program is fully funded in both FY24 and FY25. The student count period consists of the twenty school days ending the fourth Friday in October. The FY24 student counts are scheduled to be finalized by mid-January, 2024. By statute, payments to school districts for the first nine months of a fiscal year are based on the prior fiscal year foundation formula; the final three months of payments are re-calculated and payments are based on the final student counts for the current fiscal year.</p> <p>Fiscal Analyst Comment: The FY24 budget included \$87.4 million of one-time additional foundation funding. The Governor's FY25 proposal does not include any funding beyond the foundation formula.</p> <p>Each year, DEED performs the Disparity Test, which compares high- and low-funded districts. If DEED fails to prove that funding is sufficiently equalized across districts, the State is disallowed from deducting federal Impact Aid from its funding obligation to districts. This would result in the State having to appropriate approximately an additional \$89 million to districts. Due to local funding changes, the State is at risk of failing for FY25.</p>

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	K-12 Aid to School Districts / Foundation Program	FY2025 Estimated Foundation Program Expenditures from Public Education Fund	Total: \$1,166,581.2 \$1,110,701.3 Gen Fund (UGF) \$20,791.0 Impact Aid (Fed) \$35,088.9 Pub School (Other)	(continued) The Alaska Reads Act (Ch. 40, SLA 2022) allows approved early education programs to receive one-half of the Average Daily Membership (ADM) funding for enrolled students. The FY25 estimated appropriation includes \$9,000.0 UGF to fund this provision. Only Anchorage School District was approved to receive funding under this provision in FY24. Under the Department's interpretation of the provision, \$6,000.0 was transferred to the Public Education Fund in FY24 regardless of the actual funding provided to districts. The Legislative Finance Division (LFD) disagrees with this interpretation. Transfers to the Public Education Fund beyond funding provided to districts may result in an audit finding. LFD interprets the Alaska Reads Act as allowing the FY25 appropriation to be \$3,000.0 greater than actual funding provided to districts in FY24. LFD also maintains that only the amount equal to actual funding provided to districts can be appropriated to the Public Education Fund.
2	K-12 Aid to School Districts / Pupil Transportation	FY2025 Pupil Transportation Expenditures from Public Education Fund	\$70,594.5 Gen Fund (UGF)	AS 14.17.300(b) allows for funds to be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in Pupil Transportation, a Miscellaneous Adjustment is used to track estimated appropriations. The anticipated need is based on projected ADM counts. Like the Foundation Program, expenditures will be based on the actual student count finalized in FY25. Correspondence students are not counted when calculating student numbers for Pupil Transportation grants.
3	Education Support and Admin Services / Broadband Assistance Grants	Transfer Broadband Access Grants Allocation to Education Support and Administrative Services Appropriation	n/a	The Broadband Access Grants (BAG) allocation is transferred from the Libraries, Archives and Museums appropriation to the Education Support and Administrative Services appropriation. BAG remains in a separate allocation and consists entirely of grant funding. A Program Coordinator 2 , located in Juneau, and \$116.6 Interagency (I/A) receipt authority is added to the School Finance and Facilities (SFF) allocation

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Education Support and Admin Services / Broadband Assistance Grants	Transfer Broadband Access Grants Allocation to Education Support and Administrative Services Appropriation	n/a	(continued) to support BAG. SFF will use the I/A authority to bill BAG.
4	Education Support and Admin Services / Student and School Achievement	Restore Funding for Alaska Native Science and Engineering Program Partnership	\$5,000.0 Gen Fund (UGF)	The FY24 Enrolled budget included a \$5,000.0 base increment and \$5,000.0 One-Time Increment for the Alaska Native Science and Engineering Program (ANSEP). The Governor vetoed the base increment, leaving only the One-Time Increment. The Governor's FY25 proposal would maintain \$5,000.0 of ANSEP funding in the base budget. The funding is entirely directed to ANSEP's Acceleration Academy, which allows Alaska high school students to earn up to three years of college credits by high school graduation. All Alaska students are eligible to apply, and the program is free for all accepted students.
5	Education Support and Admin Services / Student and School Achievement	Increased Costs for Continuing Statewide Academic Assessments	\$650.0 Gen Fund (UGF)	Since FY20, the Department has implemented two new assessments: the Alaska Science Assessment administered to grades 5, 8, and 10; and the Alaska System of Academic Readiness (AKSTAR) to test math and English skill in grades 3 through 9. Additionally, costs for existing assessments have increased, while federal funding remains flat. Through FY24, DEED used federal COVID-19 funds and absorbed remaining costs with existing general funds. With COVID-19 funds expiring, DEED is requesting UGF to support the previously unbudgeted cost increases.
6	Education Support and Admin Services / Student and School Achievement	Grant Funding for Hunter Education	\$1,000.0 Gen Fund (UGF)	This program will provide competitive grant funding to school districts for hunter education, gun safety, and archery programs. All school districts will be eligible to apply. DEED is currently developing the grant award criteria. According to DEED, "The programs offered must cover firearms safety, wildlife conservation, and respect for natural resources, landowners, and other hunters."
7	Education Support and Admin Services / Student and School Achievement	MH Trust: Remove Out-Year General Funds for Alaska Autism Resource Center (FY24-FY25)	(\$50.0) GF/MH (UGF)	The Governor's FY25 budget proposal removes funding for the final year of temporary Autism Resource Center funding. In contrast, the Mental Health Trust's FY25 budget recommendation included this funding and incorporated it as a base Increment.

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Education Support and Admin Services / Student and School Achievement	Alaska Resource Education Grant for Statewide Workforce Development Initiatives (FY2025-FY2026)	\$1,000.0 Gen Fund (UGF) MultiYr	Alaska Resource Education (ARE) is a non-profit providing free curriculum covering Alaska's natural resource industry. This grant funding would have no restrictions, but ARE plans to expand its curriculum on skills relevant to natural resources careers. ARE also plans to use the additional funding to create curriculum for new subjects including carbon capture and micro-nuclear energy. Fiscal Analyst Comment: The Governor's amended FY24 budget proposal included \$1,000.0 of one-time grant funding for ARE, though the legislature denied this request. Alaska's Checkbook Online shows that DEED provided ARE with \$262.6 in grant funding in FY24, as of December 3rd, 2023. DEED used federal COVID-19 funds to provide the grants.
9	Education Support and Admin Services / Career and Technical Education	Transfer Career and Technical Education Program from Student and School Achievement to New Allocation	n/a	A total of \$6,646.0 (\$6,229.9 Fed, \$302.2 GF/Match, \$112.9 UGF, \$1.0 SDPR) is transferred from the Student and School Achievement allocation to a new Career and Technical Education (CTE) allocation. Four full-time positions and one temporary position are also transferred to the new allocation. A temporary Special Project Assistant, located in Anchorage, manages DEED's computer science initiative and was formerly funded with federal COVID-19 funds. The Department plans to absorb the positions' continued costs and is not requesting additional funding.
10	Education Support and Admin Services / Career and Technical Education	Coding in Minecraft Program for School Districts to Meet Computer Science Education Initiative	\$1,200.0 Gen Fund (UGF)	DEED purchased Coding in Minecraft and Minecraft Education licenses using federal COVID-19 funds in FY23 and FY24. The FY25 budget request would fund the licenses with UGF. Direct purchase of Minecraft Education for classrooms and schools costs \$5.04 per user annually, and it includes 200 hours of computer science and coding content. Coding in Minecraft is a third-party software delivered through Minecraft Education. Students can earn credentials through Coding in Minecraft in skills such as MakeCode, JavaScript, or Python.

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Education Support and Admin Services / Career and Technical Education	Fund Career and Technical Education Initiatives	\$1,500.0 Gen Fund (UGF) 1 TMP Position	<p>In FY24, the legislature funded a \$1,500.0 One-Time Increment for grants to districts and organizations providing Alaska high school students with workforce development opportunities in high demand sectors.</p> <p>The Governor is requesting to maintain \$1,500.0 in base funding. An estimated \$500.0 would continue providing grants to school districts. \$350.0 would support career and technical student organizations. \$200.0 would support career planning organizations. \$350.0 would fund career advisors housed in Department of Labor and Workforce Development (DLWD) Job Centers.</p> <p>A to-be-determined temporary position would support grant administration. Any remaining funds would be provided to school districts.</p>
12	Education Support and Admin Services / Alyeska Reading Academy and Institute	Maintain Funding for Alyeska Reading Academy and Institute	\$5,000.0 Gen Fund (UGF) 7 PFT Positions 2 PPT Positions 3 TMP Positions	<p>The legislature's FY24 budget included a \$5,000.0 One-Time Increment for the Alyeska Reading Academy and Institute (ARAI) in a new appropriation. The Governor's FY25 proposal adds this funding to the base budget and changes ARAI from a separate appropriation to an allocation within the Education Support and Administrative Services appropriation.</p> <p>Fiscal Analyst Comment: The FY24 budget included 12 full-time positions. As of January 2, 2024, ARAI has hired an Executive Director, an Administrative Officer, a Microcomputer/Network Specialist, and one Teacher.</p> <p>In FY24 Management Plan, ARAI moved \$1,991.9 from Personal Services and Services to the Grants line. \$1,000.0 will be granted for educators to attend a Science of Reading workshop (500 educators receiving \$2.0 each for travel, lodging, per-diem and travel costs). The remaining grants will be awarded to as many as 25 districts to conduct summer reading programs for students.</p>
13	Education Support and Admin Services / Teacher Certification	Alaska Teachers' Recruitment, Retention, Certification, and Apprenticeship Development	\$1,500.0 Gen Fund (UGF)	<p>The FY24 budget included a \$1,500.0 One-Time Increment in the Student and School Achievement allocation. The Governor's FY25 proposal adds this funding to the base budget, but in the Teacher Certification allocation. Expenditures would be based</p>

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
13	Education Support and Admin Services / Teacher Certification	Alaska Teachers' Recruitment, Retention, Certification, and Apprenticeship Development	\$1,500.0 Gen Fund (UGF)	<p>(continued)</p> <p>on the Alaska Governor's Working Group on Teacher Recruitment and Retention's (TRR) August 2023 Playbook report. A portion of the FY24 funding is supporting contract work to create a framework for an apprenticeship program, and \$660.0 of the FY25 appropriation would fund a pilot program based on that framework.</p> <p>DEED projects the remaining \$840.0 will be spent on the following:</p> <p>\$105.0 to host an annual conference on teacher recruitment and retention, in partnership with University of Alaska's Alaska Teachers and Personnel. \$55.0 to develop videos promoting living and teaching in Alaska.</p> <p>\$275.0 to develop and launch a 'Teach In Alaska' national marketing campaign.</p> <p>\$25.0 to provide partial funding to an existing full-time Program Assistant position.</p> <p>\$75.0 to develop marketing materials specific to teacher certification pathways.</p> <p>\$100.0 for a third-party contractor to develop, implement and analyze a survey documenting Alaska teachers' decisions to either exit or remain in the profession.</p> <p>\$140.0 for a Project Coordinator position and associated travel.</p> <p>\$65.0 to provide grants to teachers for professional development opportunities.</p>
14	Mt. Edgecumbe High School / Mt. Edgecumbe High School	Add UGF for Instructional Expenses and Teachers' Contractual Increases	\$201.8 Gen Fund (UGF)	<p>Historically, Mt. Edgecumbe High School (MEHS) receives general funds to cover residential expenses, while instructional expenses are funded through the Foundation Program, via Interagency (I/A) receipt authority. Additional UGF funding will support instructional expenses, including funding the Teachers Education Association - Mt. Edgecumbe (TEAME) negotiated bargaining unit contract. MEHS's FY25 budget also removes a corresponding \$201.8 in hollow I/A authority.</p> <p>The Department states: "The I/A authority has increased for MEHS to allow for the opportunity for</p>

Department of Education and Early Development
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
14	Mt. Edgecumbe High School / Mt. Edgecumbe High School	Add UGF for Instructional Expenses and Teachers' Contractual Increases	\$201.8 Gen Fund (UGF)	(continued) increased I/A collection from the Foundation Program for health insurance, PERS rate adjustment, salary increases, and cost of living adjustment. However, the I/A collection from the Foundation Program has remained relatively flat. A fund source change from I/A to UGF to the base budget will allow MEHS to fund teachers' contract increases without having to impact the day-to-day operations of the school."
15	Mt. Edgecumbe High School / Mt. Edgecumbe High School	Additional Funding for Residential Expenses	\$449.2 Gen Fund (UGF)	The MEHS FY25 budget includes the following base increment requests for residential expenses: \$169.6 to fund two existing Recreation Assistant positions. The current dorm management and food services contractor stopped offering recreation services, so the two positions were created with federal COVID-19 funds. With COVID-19 funds expiring, the agency is requesting for these positions to be funded with UGF. \$189.5 for increased contractual costs for dorm management and food services, which is equal to the average cost increase over the past five years. \$90.1 for increased utilities costs, which is equal to the average cost increase over the past five years.
16	State Facilities Rent / EED State Facilities Rent	Reduce State Facilities Rent Costs Due to Space Consolidation Cost Savings	(\$350.0) Gen Fund (UGF)	In FY22 and FY23, DEED vacated space that it was leasing in Juneau's Michael J. Burns building and consolidated staff in the 9th floor of the State Office Building; a space it shares with the Department of Commerce, Community and Economic Development. The consolidation was possible due to increased staff telework and hybrid work and saves DEED approximately \$350.0 per year.
17	Alaska State Libraries, Archives and Museums / Library Operations	Transfer Live Homework Help from Separate Allocation to Library Operations for Program Management	n/a	The entire Live Homework Help allocation, consisting of \$75.0 UGF, is transferred into the Library Operations allocation. Live Homework Help is an online tutorial program provided through a contract with Tutor.com. The Department states that transferring the funding to library operations will allow for direct management of the program and "provide a critical responsiveness to expenditures that fluctuate each year based on the number of student sessions."

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Allocation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DEC**

Allocation	[1] 24Enr011	[2] 24Auth	[3] 24MgtP1n	[4] AdjBase	[5] Gov	[5] - [3] 24MgtP1n to Gov	[5] - [4] AdjBase to Gov		
Environmental Conservation									
Administration									
Office of the Commissioner	1,921.4	1,921.4	1,295.8	1,322.8	1,322.8	27.0	2.1 %	0.0	
Administrative Services	8,024.3	8,024.3	8,649.9	6,876.0	6,876.0	-1,773.9	-20.5 %	0.0	
State Support Services	2,832.1	2,832.1	2,832.1	2,236.3	2,323.8	-508.3	-17.9 %	87.5	3.9 %
Appropriation Total	12,777.8	12,777.8	12,777.8	10,435.1	10,522.6	-2,255.2	-17.6 %	87.5	0.8 %
DEC Bldgs Maint & Operations									
DEC Bldgs Maint & Operations	796.3	796.3	796.3	798.8	798.8	2.5	0.3 %	0.0	
Appropriation Total	796.3	796.3	796.3	798.8	798.8	2.5	0.3 %	0.0	
Environmental Health									
Environmental Health	28,048.5	28,048.5	28,048.5	28,807.1	28,807.1	758.6	2.7 %	0.0	
Appropriation Total	28,048.5	28,048.5	28,048.5	28,807.1	28,807.1	758.6	2.7 %	0.0	
Air Quality									
Air Quality	13,183.9	13,183.9	13,183.9	13,584.5	13,584.5	400.6	3.0 %	0.0	
Appropriation Total	13,183.9	13,183.9	13,183.9	13,584.5	13,584.5	400.6	3.0 %	0.0	
Spill Prevention and Response									
Spill Prevention and Response	22,768.3	22,768.3	22,768.3	23,442.9	23,442.9	674.6	3.0 %	0.0	
Appropriation Total	22,768.3	22,768.3	22,768.3	23,442.9	23,442.9	674.6	3.0 %	0.0	
Water									
Water Quality Infrastructure	32,326.1	32,326.1	32,326.1	32,723.2	29,812.0	-2,514.1	-7.8 %	-2,911.2	-8.9 %
Appropriation Total	32,326.1	32,326.1	32,326.1	32,723.2	29,812.0	-2,514.1	-7.8 %	-2,911.2	-8.9 %
Agency Total	109,900.9	109,900.9	109,900.9	109,791.6	106,967.9	-2,933.0	-2.7 %	-2,823.7	-2.6 %
Statewide Total	109,900.9	109,900.9	109,900.9	109,791.6	106,967.9	-2,933.0	-2.7 %	-2,823.7	-2.6 %
Funding Summary									
Unrestricted General (UGF)	21,596.0	21,596.0	21,596.0	22,046.6	22,259.1	663.1	3.1 %	212.5	1.0 %
Designated General (DGF)	22,223.6	22,223.6	22,223.6	22,963.3	23,074.0	850.4	3.8 %	110.7	0.5 %
Other State Funds (Other)	20,428.6	20,428.6	20,428.6	21,077.7	20,967.0	538.4	2.6 %	-110.7	-0.5 %
Federal Receipts (Fed)	45,652.7	45,652.7	45,652.7	43,704.0	40,667.8	-4,984.9	-10.9 %	-3,036.2	-6.9 %

Department of Environmental Conservation
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration / State Support Services	Juneau Air Lab Relocation	\$87.5 Gen Fund (UGF) IncOTI	<p>The building which previously housed the Division of Air Quality laboratory has been closed since August 2022. All samples have been shipped offsite to be processed by private labs or by the DEC lab servicing the Fairbanks area, resulting in additional costs and delays with lab results.</p> <p>The agency does not expect increased lease costs as a result of moving locations. This one-time funding would be to cover the cost of assembling the new laboratory. The agency anticipates re-using the existing laboratory furnishings to reduce costs.</p>
2	DEC Buildings Maintenance and Operations / DEC Buildings Maintenance and Operations	Change Uncollectable Federal Receipt Authority to UGF to Maintain Environmental Health Lab	Net Zero (\$125.0) Fed Rcpts (Fed) \$125.0 Gen Fund (UGF)	The agency indicates that previously available federal indirect earnings are anticipated to be spent down in FY2024, and will not be available to continue funding critical needs at the Environmental Health Laboratory. Another fund source is needed to maintain the current service level.
3	Air Quality / Air Quality	Change Receipt Authority to General Fund Program Receipts for Permit Program to Replace Uncollectable Receipt Authority	Net Zero \$110.7 GF/Prgm (DGF) (\$18.3) Stat Desig (Other) (\$92.4) AK LNG I/A (Other)	The Division of Air Quality no longer utilizes the two receipt accounts being reduced, and requests a fund source change to General Fund Program Receipts to ensure sufficient authority for the permit program.
4	Water / Water Quality, Infrastructure Support & Financing	Reduce IJJA Div. E Title I Drinking Water - Federal Infrastructure Drinking Water Program Implementation (FY23-FY27)	(\$2,911.2) Fed Rcpts (Fed)	<p>The agency indicates that this proposed operating budget reduction was in anticipation of a portion of this federal authority being moved over into the capital budget. This would leave \$1,671.5 in federal authority for drinking water program implementation in the agency's operating budget. The Governor's request did not include capital authority for this purpose. However, this capital request may be included in the Governor's amended budget.</p> <p>Fiscal Analyst Comment: The agency will need authority in one of these two places in order to expend this anticipated federal grant funding.</p>

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DFCS**

<u>Appropriation</u>	<u>[1] 24Enroll</u>	<u>[2] 24Auth</u>	<u>[3] 24MgtPln</u>	<u>[4] AdjBase</u>	<u>[5] Gov</u>	<u>[5] - [3] 24MgtPln to Gov</u>	<u>[5] - [4] AdjBase to Gov</u>
Family and Community Services							
Alaska Pioneer Homes	108,650.0	108,650.0	108,650.0	110,816.7	111,316.7	2,666.7 2.5 %	500.0 0.5 %
Alaska Psychiatric Institute	60,035.7	60,035.7	60,035.7	61,713.3	61,913.3	1,877.6 3.1 %	200.0 0.3 %
Children's Services	195,132.1	196,454.2	196,454.2	198,080.6	204,080.6	7,626.4 3.9 %	6,000.0 3.0 %
Juvenile Justice	62,084.1	62,084.1	62,084.1	64,220.6	64,320.6	2,236.5 3.6 %	100.0 0.2 %
Departmental Support Services	33,277.4	33,152.4	33,152.4	34,315.6	36,821.2	3,668.8 11.1 %	2,505.6 7.3 %
Agency Total	459,179.3	460,376.4	460,376.4	469,146.8	478,452.4	18,076.0 3.9 %	9,305.6 2.0 %
Statewide Total	459,179.3	460,376.4	460,376.4	469,146.8	478,452.4	18,076.0 3.9 %	9,305.6 2.0 %
Funding Summary							
Unrestricted General (UGF)	246,357.0	246,232.0	246,232.0	251,914.7	257,471.9	11,239.9 4.6 %	5,557.2 2.2 %
Designated General (DGF)	28,910.2	28,910.2	28,910.2	29,971.9	29,971.9	1,061.7 3.7 %	0.0
Other State Funds (Other)	101,410.9	101,410.9	101,410.9	103,474.4	105,830.0	4,419.1 4.4 %	2,355.6 2.3 %
Federal Receipts (Fed)	82,501.2	83,823.3	83,823.3	83,785.8	85,178.6	1,355.3 1.6 %	1,392.8 1.7 %

Department of Family and Community Services
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Pioneer Homes / Pioneer Homes	Increase Statutory Designated Program Receipts for Pharmacy Billings	\$500.0 Stat Desig (Other)	Increased receipt authority is requested for the Pioneer Homes to fully collect revenue from billing elders' insurance for pharmaceutical services.
2	Alaska Psychiatric Institute / Alaska Psychiatric Institute	Add New Alaska Psychiatric Institute Appropriation for Reorganization of Complex and Psychiatric Care Services	n/a	A new Alaska Psychiatric Institute appropriation is established for the Alaska Psychiatric Institute allocation. The allocation was previously under the defunct Inpatient Mental Health appropriation along with the former Designated Evaluation and Treatment allocation, which has moved to the Department Support Services appropriation and been renamed Coordinated Health and Complex Care. Items 2 and 6 are related.
3	Alaska Psychiatric Institute / Alaska Psychiatric Institute	MH Trust: Support for the Strengthening Healthcare Access Recruitment Program	\$200.0 GF/MH (UGF) IncOTI	This One-Time Increment supports the Strengthening Healthcare Access Recruitment Program (SHARP-3) student loan repayment contracts with healthcare practitioners who are employed at API. Trust funds will satisfy API's employer contribution requirement for SHARP-3 so that these repayment benefits can be offered to prospective licensed practitioners for the hospital. The Department has stated in correspondence that the Department and the Mental Health Trust Authority had previously engaged in a reimbursable services agreement to support API's participation in the program. A direct appropriation in API's budget reduces administrative burden.
4	Children's Services / Children's Services Management	Temporary Increase for Required Legal Services to Address Class Action Lawsuit	\$1,000.0 Gen Fund (UGF) IncOTI	This One-Time Increment will allow the Department to retain additional legal counsel via a reimbursable services agreement with the Department of Law for legal services and to procure expert witness testimony, and to initiate a public relations campaign. The Office of Children's Services (OCS) has been served with a class action lawsuit from the organization A Better Childhood. The lawsuit alleges that OCS fails to provide adequate case management and permanency planning services, does not provide the required monetary or licensure support to foster families and children (including kinship maintenance payments as required under federal law), and that the mental and physical healthcare needs of foster children

Department of Family and Community Services
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Children's Services / Children's Services Management	Temporary Increase for Required Legal Services to Address Class Action Lawsuit	\$1,000.0 Gen Fund (UGF) IncOTI	(continued) with or without disabilities are not being met. The lawsuit seeks compensation in the form of a consent decree. Fiscal Analyst Comment: The plaintiff's amended complaint was filed on July 15, 2022, followed by a motion to dismiss filed by the State. The motion was denied in part by court order on September 28, 2023. Litigation and associated costs may extend beyond FY25.
5	Children's Services / Foster Care Base Rate	Increase Foster Care Base Rate to Align with Required Rate Review	Total: \$5,000.0 \$1,392.8 Fed Rcpts (Fed) \$1,058.3 GF/ Match (UGF) \$2,548.9 Gen Fund (UGF)	Regulations under 7 AAC 53.030 specify that the Department will propose a change to the foster care base rate at least every five years, or when the base rate deviates by 10 percent or more from the previous rate implementation. The current rates became effective July 1, 2018. The Department states that, "Historically, the methodology for this rate review utilized the United States Department of Agriculture (USDA) average cost of living for the United States. This year, a second proposal is being offered that instead uses the USDA average cost of living for the Urban West region which includes Alaska." Materials provided by the Department to demonstrate the methodology combine analysis from the USDA on the cost of raising a child in the United States (dated 2015, the most recent analysis available), data for the West region Consumer Price Index-All Urban Consumers, and the Anchorage-based multiplier for Cost of Living indices.
6	Departmental Support Services / Coordinated Health and Complex Care	Transfer Designated Evaluation and Treatment to Department Support Svcs and Rename Coordinated Health and Complex Care	\$750.0 Gen Fund (UGF)	The Designated Evaluation and Treatment allocation is transferred to the existing Department Support Service appropriation and renamed Coordinated Health & Complex Care. The Commissioner's Office allocation, which received three positions and a small Increment to initiate the complex care coordination and placement unit in FY24, has transferred a total of seven positions and \$1,014.0 (\$314.6 Fed, \$648.0 UGF, \$51.4 Other) to consolidate these resources under the allocation as part

Department of Family and Community Services
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Departmental Support Services / Coordinated Health and Complex Care	Transfer Designated Evaluation and Treatment to Department Support Svcs and Rename Coordinated Health and Complex Care	\$750.0 Gen Fund (UGF)	<p>(continued) of the Adjusted Base.</p> <p>The Increment for \$750.0 will lay the foundation for a complex placement program in small group home settings. Initially, care providers will be provided funding, training, and support to meet the level of care needed for complex patients to transition to a less restrictive, more cost-effective community-based setting, preserving the resources of API for the most acute patients. The Department states their intent to engage with community partners, licensing, and payers to expand this service model should the pilot be successful.</p> <p>Items 2 and 6 are related.</p>
7	Departmental Support Services / Various	Transfers from Department of Health to Align General Funds with Functions Following Exec. Order 121	n/a	<p>The Department reports ongoing efforts with the Department of Health to align funding with responsibilities and functions resulting from the split of the former Department of Health and Social Services under Executive Order 121.</p> <p>These transfers totaling \$750.0 are reflected in the Adjusted Base. Funding is transferred into the following allocations:</p> <p>Public Affairs: \$115.4 Commissioner's Office: \$201.2 Administrative Services: \$433.4</p>

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: F&G**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	24MgtPln	[5] - [3] to Gov	AdjBase	[5] - [4] to Gov
Fish and Game									
Commercial Fisheries	83,946.6	83,946.6	83,946.6	84,957.0	86,227.0	2,280.4	2.7 %	1,270.0	1.5 %
Sport Fisheries	45,085.5	45,085.5	45,085.5	44,855.8	44,855.8	-229.7	-0.5 %	0.0	
Anchorage/Fairbanks Hatcheries	6,028.1	6,028.1	6,028.1	6,716.4	7,066.4	1,038.3	17.2 %	350.0	5.2 %
Southeast Hatcheries	846.1	846.1	846.1	1,346.1	1,346.1	500.0	59.1 %	0.0	
Wildlife Conservation	67,956.7	67,956.7	67,956.7	63,080.0	69,630.2	1,673.5	2.5 %	6,550.2	10.4 %
Statewide Support Services	26,865.8	26,865.8	26,865.8	26,170.7	26,057.0	-808.8	-3.0 %	-113.7	-0.4 %
Habitat	5,850.0	5,850.0	5,850.0	6,051.1	6,051.1	201.1	3.4 %	0.0	
Subsistence Research/Monitoring	6,323.6	6,323.6	6,323.6	6,530.5	6,630.5	306.9	4.9 %	100.0	1.5 %
Agency Total	242,902.4	242,902.4	242,902.4	239,707.6	247,864.1	4,961.7	2.0 %	8,156.5	3.4 %
Statewide Total	242,902.4	242,902.4	242,902.4	239,707.6	247,864.1	4,961.7	2.0 %	8,156.5	3.4 %
Funding Summary									
Unrestricted General (UGF)	65,292.5	65,292.5	65,292.5	64,603.0	68,180.9	2,888.4	4.4 %	3,577.9	5.5 %
Designated General (DGF)	13,121.3	13,121.3	13,121.3	13,344.4	12,820.9	-300.4	-2.3 %	-523.5	-3.9 %
Other State Funds (Other)	75,911.2	75,911.2	75,911.2	71,493.9	76,696.0	784.8	1.0 %	5,202.1	7.3 %
Federal Receipts (Fed)	88,577.4	88,577.4	88,577.4	90,266.3	90,166.3	1,588.9	1.8 %	-100.0	-0.1 %

Department of Fish and Game
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Various	Increased Cost of Services Due to Inflation	\$800.0 Gen Fund (UGF)	<p>The cost of utilities, fuel, air charters, food, and maintenance services has increased significantly in recent years. The agency received an FY23 supplemental appropriation of \$893.0 (\$593.0 for Commercial Fisheries and \$300.0 for Anchorage and Fairbanks Hatcheries), but supplemental funding is not added to the base budget, and the Governor did not request an FY24 increment. In FY25, funding increases are requested to cover inflationary costs in the following appropriations and allocations:</p> <p>Commercial Fisheries Management Total: \$435.0 Southeast Region - \$50.0 Central Region - \$100.0 Arctic Yukon Kuskokwim Region - \$75.0 Westward Region - \$75.0 Statewide Fisheries Management - \$50.0 -SW Pathology Laboratory - \$35.0 -Mark, Tag, and Age Laboratory - \$50.0</p> <p>Anchorage and Fairbanks Hatcheries: \$350.0</p> <p>Statewide Support Services, Boards of Fisheries and Game: \$15.0</p>
2	Commercial Fisheries / Various	Add Administrative Support in the Commercial Fisheries Division	\$175.0 Gen Fund (UGF) 2 PFT Positions	<p>Southeast Region: 1 PFT and \$85.0 -Administrative Assistant 1</p> <p>Arctic Yukon Kuskokwim Region: 1 PFT and \$90.0 -Accounting Technician 1 -Reclassify an existing Accounting Technician 2 to an Accounting Technician 3</p>
3	Commercial Fisheries / Various	Add Authority to Contract with Non-State Entities to Fund Agency Surveys and Projects that Would Not Otherwise Occur	\$400.0 Stat Desig (Other)	<p>Statutory Designated Program Receipt (SDPR) authority is requested in multiple allocations, which will allow the agency to receive non-State funding sources in support of specific survey and project activities. Receipts through this authority are a direct reimbursement for costs that would not otherwise be incurred by the agency in their normal course of business. Unused receipts lapse back to the non-State entity at the conclusion of the contract.</p> <p>Southeast Region Fisheries Management Pacific Salmon Commission Northern Fund Projects - \$200.0</p>

Department of Fish and Game
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Commercial Fisheries / Various	Add Authority to Contract with Non-State Entities to Fund Agency Surveys and Projects that Would Not Otherwise Occur	\$400.0 Stat Desig (Other)	(continued) Westward Region Fisheries Management Red King Crab surveys supported by the North Pacific Research Board - \$100.0 Statewide Fisheries Management Kelp Genetics project supported by Southeast Conference - \$100.0
4	Commercial Fisheries / Statewide Fisheries Management	Alleviate Shortfall in Commercial Crew Member License Receipts	Net Zero \$783.5 Gen Fund (UGF) (\$1,500.0) GF/ Prgm (DGF) \$716.5 CFEC Rcpts (DGF)	In FY23, General Fund Program Receipt Authority was added in order to spend down the agency's balance of Commercial Crew Member License receipts, and to ease pressure on the Commercial Fisheries Entry Commission (CFEC) fund which was over-appropriated. Now that the balance of Commercial Crew receipts has been depleted, the authority is replaced again with a split of general funds and CFEC receipts. Fiscal Analyst Comment: At this level of budgeted authority, the CFEC fund is projected to be over-expended again by FY30. In FY23 the Commercial Fisheries Division (including CFEC) under-spent their CFEC authority by \$859.6. The operating bill includes Carryforward language that allows the agency to carry forward unexpended CFEC receipts up to the amount appropriated for that fiscal year. If the agency continues to under-spend its authority, the fund balance projection will improve. This could also be addressed by removing hollow receipt authority if it exists.
5	Commercial Fisheries / Commercial Fisheries Entry Commission	Contract Services for Tech Upgrade for In-House Applications (FY2025-FY2026)	\$300.0 CFEC Rcpts (DGF) MultiYr	In FY24, the legislature approved a \$150.0 Temporary Increment (FY24 - FY27) of CFEC receipts to support a technology upgrade project. The Governor proposes to replace that funding with a \$300.0 Multiyear appropriation that can be expended between FY25 and FY26. This allows the agency to access the full appropriation at the onset of that Multiyear time-frame and reflects an updated total project cost of \$450.0; a decrease of \$150.0 from the original four-year appropriation. Items 5 and 6 are related.

Department of Fish and Game
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Commercial Fisheries / Commercial Fisheries Entry Commission	Eliminate Temporary Increment for Contract Services for Tech Upgrade for In-House Applications (FY2024-FY2027)	(\$150.0) CFEC Rcpts (DGF)	A Temporary Increment for CFEC technology upgrades is terminated early in order to fund the project as a \$300.0 Multiyear appropriation and reduce total project funding by \$150.0. Items 5 and 6 are related.
7	Commercial Fisheries / Commercial Fisheries Entry Commission	Inflation and Increased Lease Costs	\$100.0 CFEC Rcpts (DGF)	The Commercial Fisheries Entry Commission has absorbed lease contract increases over the past five years, as well as other inflationary cost increases. This request would add those costs to the base budget using CFEC receipts.
8	Sport Fisheries / Sport Fisheries	Replace Unavailable Capital Improvement Project Receipts to Support Existing Programs	Net Zero \$1,100.0 Fish/Game (Other) (\$1,100.0) CIP Rcpts (Other)	Fish and Game Fund authority is added to maintain the FY24 level of support for agency work related to a capital project that is otherwise funded with Federal Pacific Coastal Salmon Recovery Fund receipts. The level of Federal funding decreased by \$1 million between FY24 and FY25, in accordance with the capital project projections.
9	Wildlife Conservation / Wildlife Conservation	Add Two Natural Resource Specialists (11-#019, 11-#020) for Statehood Defense in Federal Subsistence Board Arena	\$300.0 I/A Rcpts (Other) 2 PFT Positions	Positions are added to address an increased workload related to the review of Federal Subsistence Board proposals and statehood defense activity.
10	Wildlife Conservation / Wildlife Conservation	Maintain Agency Operations Funding in the Base	Total: \$6,303.0 \$1,302.0 Gen Fund (UGF) \$5,001.0 Fish/Game (Other)	In FY23 and again in FY24, the legislature converted two segments of the Wildlife Conservation Division's base operating funding to One-Time Increments. The Governor requested that the funding be restored to the base in FY24 and again in the FY25 proposed budget. General funds are specifically appropriated to support the Endangered Species and Marine Mammals Programs for work that cannot be funded by Federal or Fish and Game Fund receipts. Fish and Game Fund authority is used as 1:3 match to receive Federal Pittman-Robertson funds that also support agency operations.
11	Statewide Support Services / Administrative Services	Soldotna Lease Adjustment to Provide Suitable Workspace and Employee Bunkhouses	\$100.0 Gen Fund (UGF)	Funding is added to allow the agency to terminate an unsuitable lease in Soldotna, and initiate a new lease in a facility that is owned by the University of Alaska and has the added recruitment and retention benefit of providing bunkhouses for seasonal Fish and Game staff in the area. The agency reports that "the current Soldotna building has sloped flooring, plumbing and

Department of Fish and Game
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Statewide Support Services / Administrative Services	Soldotna Lease Adjustment to Provide Suitable Workspace and Employee Bunkhouses	\$100.0 Gen Fund (UGF)	(continued) electrical issues, exposed insulation, and a roof leak," impacting both seasonal and permanent staff in that location.
12	Statewide Support Services / Administrative Services	Add Part-Time Program Coordinator 2 (11-#026) for Employee Safety Program	Total: \$404.2 \$326.0 Gen Fund (UGF) \$78.2 I/A Rcpts (Other) 1 PPT Position	A Program Coordinator 2 is requested with an additional \$300.0 of funding for services to establish a centralized Employee Safety Program for the Department of Fish and Game. The agency reports that "a recent employee survey found that safety is a principal concern. Many new employees have no field experience and need training to safely operate a boat or skiff, handle firearms, respond to vessel or aircraft emergencies, and address basic first aid needs. Hundreds of staff work in remote areas that are difficult for emergency responders to reach. This position will manage the department's safety programs and ensure the use of up-to-date materials, safety technology, and coordinate access to safety classes."
13	Statewide Support Services / Administrative Services	Add Three Information Technology Positions (11-#021, 11-#024, 11-#025) for Help Desk	Total: \$381.0 \$91.4 Gen Fund (UGF) \$289.6 I/A Rcpts (Other) 3 PFT Positions	Three new Helpdesk positions will be supported with a mix of general funds and Interagency (I/A) receipt authority. The divisions will use existing fund sources to support this I/A increase.

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

2024 Legislature - Operating Budget
Allocation Summary - FY25 Governor Structure

Numbers and Language
Agencies: Gov

Allocation	[1] 24Enr01]	[2] 24Auth	[3] 24MgtP1n	[4] AdjBase	[5] Gov	[5] - [3] 24MgtP1n to Gov	[5] - [4] AdjBase to Gov		
Governor									
Federal Infrastructure Office									
Federal Infrastructure Office	1,000.0	1,000.0	1,000.0	1,012.7	1,012.7	12.7	1.3 %	0.0	
Appropriation Total	1,000.0	1,000.0	1,000.0	1,012.7	1,012.7	12.7	1.3 %	0.0	
Commissions/Special Offices									
Human Rights Commission	2,646.7	2,646.7	2,646.7	2,805.6	2,705.6	58.9	2.2 %	-100.0	-3.6 %
Appropriation Total	2,646.7	2,646.7	2,646.7	2,805.6	2,705.6	58.9	2.2 %	-100.0	-3.6 %
Executive Operations									
Executive Office	12,157.7	12,157.7	12,157.7	12,343.1	12,643.1	485.4	4.0 %	300.0	2.4 %
Governor's House	775.9	775.9	775.9	785.9	785.9	10.0	1.3 %	0.0	
Contingency Fund	250.0	250.0	250.0	250.0	250.0	0.0		0.0	
Lieutenant Governor	1,290.3	1,290.3	1,290.3	1,308.5	1,308.5	18.2	1.4 %	0.0	
Appropriation Total	14,473.9	14,473.9	14,473.9	14,687.5	14,987.5	513.6	3.5 %	300.0	2.0 %
Office of Gov State Fac Rent									
Gov Office Facilities Rent	596.2	596.2	596.2	596.2	946.2	350.0	58.7 %	350.0	58.7 %
Governor's Office Leasing	490.6	490.6	490.6	490.6	490.6	0.0		0.0	
Appropriation Total	1,086.8	1,086.8	1,086.8	1,086.8	1,436.8	350.0	32.2 %	350.0	32.2 %
Office of Management & Budget									
Office of Management & Budget	3,072.8	3,072.8	3,072.8	3,125.0	3,125.0	52.2	1.7 %	0.0	
Appropriation Total	3,072.8	3,072.8	3,072.8	3,125.0	3,125.0	52.2	1.7 %	0.0	
Elections									
Elections	8,371.2	8,776.8	8,776.8	8,455.3	8,650.3	-126.5	-1.4 %	195.0	2.3 %
Appropriation Total	8,371.2	8,776.8	8,776.8	8,455.3	8,650.3	-126.5	-1.4 %	195.0	2.3 %
Ctrl Svcs Cost Allocation Rates									
Ctrl Svcs Cost Allocation Rates	0.0	5,000.0	5,000.0	0.0	0.0	-5,000.0	-100.0 %	0.0	
Appropriation Total	0.0	5,000.0	5,000.0	0.0	0.0	-5,000.0	-100.0 %	0.0	
Agency Total	30,651.4	36,057.0	36,057.0	31,172.9	31,917.9	-4,139.1	-11.5 %	745.0	2.4 %
Statewide Total	30,651.4	36,057.0	36,057.0	31,172.9	31,917.9	-4,139.1	-11.5 %	745.0	2.4 %
Funding Summary									
Unrestricted General (UGF)	29,883.6	35,289.2	35,289.2	30,393.1	31,390.1	-3,899.1	-11.0 %	997.0	3.3 %
Other State Funds (Other)	533.3	533.3	533.3	542.6	390.6	-142.7	-26.8 %	-152.0	-28.0 %
Federal Receipts (Fed)	234.5	234.5	234.5	237.2	137.2	-97.3	-41.5 %	-100.0	-42.2 %

Office of the Governor
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Executive Operations / Executive Office	Add Two Special Agents (01-#014, 01-#016) to Increase Security	\$300.0 Gen Fund (UGF) 2 TMP Positions	<p>The Governor's amended FY24 budget requested \$293.0 and two temporary positions for security enhancement, citing increased threats. The legislature denied the increment. In the FY25 budget, the Governor requests \$300.0 UGF and two temporary positions for the same purpose.</p> <p>Fiscal Analyst Comment: The positions are classified as temporary because the Office of the Governor's security staff consists of retired police officers and the temporary status does not require employees to continue contributing to retirement or health insurance. The function and funding are intended to be permanent.</p>
2	Office of the Governor State Facilities Rent / Governor's Office State Facilities Rent	Inflationary Cost Increases and Enhanced Security in Governor's Anchorage Office	\$350.0 Gen Fund (UGF)	<p>The Governor's Office has experienced increased rental costs in multiple facilities since FY18. These costs have been borne by transfers from the Executive Office, but as rental costs continue to increase this is not sustainable.</p> <p>Between FY18 and FY23, the Governor's Office saw \$300.8 of rent increases, most notably in the Court Plaza Building in Juneau and the Atwood Building in Anchorage. The increase in Anchorage is due to security concerns about the Governor's Office sharing a floor with other agencies, which makes it more difficult to screen visitors; the Governor's Office now occupies an entire floor of that building. The Governor's Office has also seen increased rent costs in Fairbanks and Palmer.</p> <p>In FY25, aside from the increases above, the Human Rights Commission will move to a new space in Anchorage, which will increase rent costs by about \$60.0.</p>
3	Elections / Elections	Maintenance for Ranked Choice Voting Systems	\$75.0 Gen Fund (UGF)	The cost of implementing ranked choice voting was originally funded through a capital project that will be fully expended in FY24. This increment adds the ongoing cost to the base budget.
4	Elections / Elections	Add Full-time Public Relations Manager (01-#013) for Public Communications	\$120.0 Gen Fund (UGF) 1 PFT Position	This position will develop and manage elections communications for the public and for media inquiries. According to the agency, "the Manager position will keep the public informed through various platforms, address the increasing complexity of the electoral

Office of the Governor
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Elections / Elections	Add Full-time Public Relations Manager (01-#013) for Public Communications	\$120.0 Gen Fund (UGF) 1 PFT Position	(continued) process, and ensure communications are timely, comprehensive, and clear."
5	Elections / Elections	Change Funding for Division Operations Manager Position to General Funds to Reflect Realignment	Net Zero \$152.0 Gen Fund (UGF) (\$152.0) CIP Rcpts (Other)	The Division of Elections reassigned this position's duties from an ongoing elections security capital project to other duties. Changing the funding for this position to general funds aligns the budget with current work assignments. The department reports that this position is needed "to maintain continuity and consistency in the overall supervision of our elections regional offices."
6	Elections / Elections	Elections Ranked Choice Voting Media Campaign (FY24-FY25) Supplemental	\$2,500.0 Gen Fund (UGF) MultiYr	The 2024 election will be the second to use the ranked choice voting system. The Governor's request will fund a media campaign and town hall meetings to ensure that Alaskans understand the new system. Fiscal Analyst Comment: The Division received a \$4.3 million FY22-23 Multiyear appropriation that included \$3.0 million for a similar purpose in advance of the 2022 election.

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DOH**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Health							
Behavioral Health	89,456.7	95,126.5	95,126.5	89,742.5	90,075.5	-5,051.0 -5.3 %	333.0 0.4 %
Health Care Services	22,408.3	22,541.3	22,541.3	23,232.8	23,576.6	1,035.3 4.6 %	343.8 1.5 %
Public Assistance	327,150.3	362,102.0	362,102.0	274,597.9	275,442.6	-86,659.4 -23.9 %	844.7 0.3 %
Senior Benefits Payment Program	20,786.1	20,786.1	20,786.1	20,786.1	0.0	-20,786.1 -100.0 %	-20,786.1 -100.0 %
Public Health	139,466.4	308,794.6	308,794.6	141,737.7	140,149.2	-168,645.4 -54.6 %	-1,588.5 -1.1 %
Senior and Disabilities Svcs	70,854.0	76,702.3	76,702.3	70,723.6	71,463.0	-5,239.3 -6.8 %	739.4 1.0 %
Departmental Support Services	41,390.6	42,015.6	42,015.6	41,700.6	41,700.6	-315.0 -0.7 %	0.0
Human Svcs Comm Matching Grant	1,387.0	1,387.0	1,387.0	1,387.0	1,387.0	0.0	0.0
Community Initiative Grants	861.7	861.7	861.7	861.7	861.7	0.0	0.0
Medicaid Services	2,499,900.8	2,723,419.0	2,723,419.0	2,791,357.7	2,805,746.4	82,327.4 3.0 %	14,388.7 0.5 %
Agency Total	3,213,661.9	3,653,736.1	3,653,736.1	3,456,127.6	3,450,402.6	-203,333.5 -5.6 %	-5,725.0 -0.2 %
Statewide Total	3,213,661.9	3,653,736.1	3,653,736.1	3,456,127.6	3,450,402.6	-203,333.5 -5.6 %	-5,725.0 -0.2 %
Funding Summary							
Unrestricted General (UGF)	999,124.3	998,690.8	998,690.8	980,089.1	959,261.8	-39,429.0 -3.9 %	-20,827.3 -2.1 %
Designated General (DGF)	54,276.5	54,276.5	54,276.5	54,521.2	54,693.1	416.6 0.8 %	171.9 0.3 %
Other State Funds (Other)	98,061.8	98,436.8	98,436.8	99,071.8	99,870.6	1,433.8 1.5 %	798.8 0.8 %
Federal Receipts (Fed)	2,062,199.3	2,502,332.0	2,502,332.0	2,322,445.5	2,336,577.1	-165,754.9 -6.6 %	14,131.6 0.6 %

Department of Health
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Behavioral Health / Behavioral Health Treatment and Recovery Grants	MH Trust: Crisis Now Continuum of Care Crisis Stabilization Grants (FY25-FY26)	\$500.0 MHTAAR (Other) IncT	<p>The Mental Health Trust Authority, or Trust, has the authority to expend its own receipts (including Mental Health Trust Authority Authorized Receipts, or MHTAAR) without further appropriation. Appropriations that differ from Trust recommendations may result in hollow authority for affected programs.</p> <p>The Crisis Now Continuum of Care grant program began in FY23 and was funded with GF/MH through FY24, as recommended by the Trust. The Governor's FY25 budget proposal deviates from the recommendations of the Trust by substituting MHTAAR in place of GF/MH for 50 percent of the total amount included in the budget for Crisis Now initiatives.</p> <p>Items 1, 8 and 14 are related.</p>
2	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Replace Restorative Justice Account Authority with General Funds	Net Zero \$105.7 Gen Fund (UGF) (\$105.7) Rest Just (Other)	<p>The amount of Restorative Justice Account funding available for appropriation each year is set in a statutory calculation under AS 43.23.048 to determine the amount of Permanent Fund Dividends forfeited by Alaskans with certain criminal convictions. In FY24, the amount was based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year, and in FY25 it is based on 7,556 ineligible Alaskans and a \$1,312 dividend for the qualifying 2022 calendar year.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses: 10% - Crime Victims Comp. Fund (10-13%) 3% - Legislature - Office of Victims' Rights (2-6%) 4% - Public Safety - Nonprofit Services for Crime Victims (1-3%) 4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%) 79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p>
3	Public Assistance / General Relief Assistance	Provide Support to Alaskan Food Banks and Pantries to Promote Food Security	\$1,500.0 Gen Fund (UGF) IncOTI	This temporary support for Alaskan food banks and pantries is intended to bridge the gap between current resources and future resources that may be allocated after the task force's recommendations are released.

Department of Health
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Public Assistance / General Relief Assistance	Provide Support to Alaskan Food Banks and Pantries to Promote Food Security	\$1,500.0 Gen Fund (UGF) IncOTI	(continued) The Department will use a grant application process to distribute the funds.
4	Public Assistance / Public Assistance Field Services	Add Authority for 20 Full-Time Eligibility Technician Positions to Maintain Capacity and Prevent Backlog	Total: \$1,759.7 \$897.4 Fed Rcpts (Fed) \$862.3 GF/Match (UGF) 20 PFT Positions	<p>In FY23, the legislature added a Temporary Increment effective through FY24 which authorized 20 Eligibility Technician positions with associated funding and authority be added to the Public Assistance Field Services (PAFS) allocation. Two of the positions were made permanent in FY23 and the remaining 18 positions were made permanent in FY24. This Increment would add the funding and authorization associated with the 20 now-permanent positions into the base.</p> <p>Over the last five years there have been significant changes to the staffing of the PAFS allocation. In FY19 the Governor requested 41 permanent full-time (PFT) positions in the amended budget. The legislature approved 20 positions, with associated funding and authority, as a Temporary Increment effective FY19 - FY21. During FY19 the Department added the remaining 21 positions and supported them by transferring funds from other allocations. In FY22 The Governor proposed deleting 101 PFT, in addition to the 20 that were removed after the first Temporary Increment ended in FY21. The legislature retained 51 PFT but the Governor vetoed this down to his original proposal, with the exception of \$894.3 in federal authority.</p> <p>The second Temporary Increment was added for FY23 - FY24 as described above. A new Multiyear appropriation, effective FY24 - FY25, was added for 30 temporary positions with associated funding and authority. The purpose was to add capacity in PFAS to work through the Medicaid redetermination process as the federal continuous coverage requirement has ended, but the positions are fungible.</p> <p>Items 4 and 5 are related.</p>

Department of Health
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Public Assistance / Public Assistance Field Services	Recruitment Program to Address the Supplemental Nutrition Assistance Program Backlog Supplemental	Total: \$8,829.2 \$2,751.0 Fed Rcpts (Fed) \$6,078.2 GF/Match (UGF) 30 TMP Positions	The FY24 budget added a Multiyear appropriation (FY24 - FY25) in PAFS for 30 temporary positions and \$17,834.5 (\$8,917.3 Fed, \$8,917.2 GF/Match). This FY24 Supplemental request would add 30 more temporary positions with associated authority and funding for the fiscal year. In FY23 a similar Supplemental request added 30 temporary positions with associated authority and funding [\$6,821.7 (\$3,733.0 Fed, \$3,088.7 GF/Match)] in PAFS. The FY23 request was submitted later, on February 14, 2023, which may explain the difference between FY23 and FY24 amounts. Items 4 and 5 are related.
6	Senior Benefits Payment Program / Senior Benefits Payment Program	Senior Benefits Payment Program Sunset	(\$20,786.1) Gen Fund (UGF)	The Senior Benefits Program, established on August 1, 2007 under AS 23.15.835, will sunset at the end of FY24. The program was last authorized on July 1, 2018. If the legislature chooses to reauthorize the enabling statute through legislation, the FY25 distribution would be reflected in fiscal notes. The program pays cash benefits to Alaskan seniors who are age 65 or older and have low to moderate income. Available cash payments are \$76, \$175, or \$250 each month depending on income, with payment levels tied to the Alaska Federal Poverty Guidelines which are adjusted annually as the poverty level changes.
7	Public Health / Various	Rescind Adoption of Recommendations in the Alaska Tuberculosis Elimination Plan (FY24-FY30)	(\$2,760.0) Gen Fund (UGF)	The FY24 Governor's budget requested a total of \$2,760.0 be added to the base budget across several allocations in the Division. The legislature chose to provide the funding as a Temporary Increment effective FY24 - FY30, to align with the Governor's Healthy Alaskans 2030 initiative. The FY25 budget proposal removes funding for the Temporary Increments. Nursing: (\$585.0) Epidemiology: (\$1,950.0) Public Health Laboratories: (\$225.0)

Department of Health
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Public Health / Emergency Programs	MH Trust: Crisis Now Continuum of Care Crisis Services Grants (EMS/BH Mobile Integrated Teams)	\$250.0 MHTAAR (Other) IncOTI	<p>The Trust has the authority to expend its own receipts (including Mental Health Trust Authority Authorized Receipts, or MHTAAR) without further appropriation. Appropriations that differ from Trust recommendations may result in hollow authority for affected programs.</p> <p>The Crisis Now Continuum of Care grant program began in FY23 and was funded with GF/MH through FY24, as recommended by the Trust. The Governor's FY25 budget proposal deviates from the recommendations of the Trust by substituting MHTAAR in place of GF/MH for 50 percent of the total amount included in the budget for Crisis Now initiatives.</p> <p>Items 1, 8 and 14 are related.</p>
9	Public Health / Emergency Programs	Sixth Year of Medical Provider Incentives; Loan Repayment Fiscal Note (Ch15 SLA2019 (SB93))	\$1,154.5 Stat Desig (Other)	<p>The Health Care Professionals Workforce Enhancement Program (nicknamed SHARP-3) was established in 2019 to address the shortage of healthcare professionals in Alaska by setting agreements with qualified healthcare professionals to work for three years in underserved areas in exchange for repayment of student loans or other direct incentives.</p> <p>While the program's predecessor was funded with unrestricted general funds, SHARP-3 is entirely supported by employers. Maximum payment amounts are set in statute and adjusted annually based on the five-year average of the Consumer Price Index.</p> <p>This Increment represents the final year of projected out-year costs in the agency's fiscal note.</p>
10	Public Health / Various	Rescind Efforts to Eliminate Congenital Syphilis (FY24-FY30)	(\$4,000.0) Gen Fund (UGF)	<p>The FY24 Governor's budget requested a total of \$4,000.0 be added to the base budget across several allocations in the Division. The legislature chose to provide the funding as a Temporary Increment effective FY24 - FY30, to align with the Governor's Healthy Alaskans 2030 initiative.</p> <p>The FY25 budget proposal removes the Temporary Increments.</p>

Department of Health
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
10	Public Health / Various	Rescind Efforts to Eliminate Congenital Syphilis (FY24-FY30)	(\$4,000.0) Gen Fund (UGF)	(continued) Epidemiology: (\$3,295.0) Public Health Laboratories: (\$705.0)
11	Departmental Support Services / Various	Transfers to Department of Family and Community Services to Align General Funds with Functions Following Exec. Order 121	n/a	The Department reports ongoing efforts with the Department of Family and Community Services to align funding with responsibilities and functions resulting from the split of the former Department of Health and Social Services under Executive Order 121. These transfers totaling (\$750.0) are reflected in the Adjusted Base. Funding is transferred from the following allocations: Commissioner's Office: (\$201.2) Administrative Services: (\$548.8)
12	Medicaid Services / Medicaid Services	FY25 Open-Ended Federal Receipt Authority for Medicaid	\$293,730.2 Fed Repts (Fed)	Beginning in FY21, open-ended federal receipt authority was provided in language for the Medicaid Services allocation to respond to the COVID-19 pandemic. The language was maintained through FY24 due to the enhanced federal medical assistance percentage (eFMAP) rate and the associated restrictions on removing individuals from Medicaid enrollment. The FY25 Governor's budget maintains the language. The federal public health emergency ended on May 11, 2023, and the eFMAP was reduced on a quarterly basis throughout 2023. The rate returned to pre-pandemic levels effective January 1, 2024. Furthermore, beginning April 1, 2023 states were required to begin the "unwinding" of the COVID-era continuous coverage requirement for Medicaid by reviewing all enrollees for eligibility; this redetermination exercise must be completed by August 31, 2024. While uncertainty about costs in the Medicaid program are expected to persist, Legislative Finance has updated the estimated value from \$0.0 to \$293,700.0 based on the Department's Medicaid Services Projection Model dated December 11, 2023.

Department of Health
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
13	Medicaid Services / Medicaid Services	Second Year of Medicaid Eligibility Postpartum Mothers Fiscal Note (Ch16 SLA2023 (SB58))	Total: \$14,388.7 \$10,237.6 Fed Rcpts (Fed) \$4,151.1 GF/ Match (UGF)	Senate Bill 58 (Ch. 16, SLA23) authorized the Department to implement section 9812 of the American Rescue Plan Act (ARPA) provision which allows all states the option to extend the postpartum coverage period under Medicaid from 60 days following pregnancy to 12 months. During SLA23 the Department testified that the expansion of postpartum coverage would be delayed until FY25, as the State would need to submit a State Plan Amendment to the Centers for Medicare and Medicaid Services for approval before the extended coverage would be available. Though the bill took effect in FY24, this FY25 Increment represents the first year of costs in the agency's fiscal note.
14	Various	MH Trust: Continuing Trust Recommendations Not Reflected in FY25 Budget Proposal	(\$375.0) GF/MH (UGF)	Mental Health Trust Authority recommendations that were previously supported with GF/MH in FY24 but are not included in the Department's FY25 budget are as follows: Behavioral Health, Behavioral Health Treatment and Recovery Grants (\$167.0) for Crisis Now Continuum of Care Stabilization Grants (FY23 - FY26) - FY24 funding for this purpose was \$667.0 GF/MH. FY25 Trust recommendations were for \$1,500.0 GF/MH. Governor's budget includes \$500.0 GF/MH and \$500.00 MHTAAR. Public Health, Emergency Programs (\$83.0) for Crisis Now Continuum of Care Grants (FY24 - FY25) - FY24 funding for this purpose was \$333.0 GF/MH. FY25 Trust recommendations were for \$500.0 GF/MH. Governor's budget includes \$250.0 GF/MH and \$250.0 MHTAAR. (\$75.0) for Comprehensive Program Planning Coordinator (FY21 - FY28) Senior and Disability Services, Governor's Council on Disabilities and Special Education (GCDSE) (\$50.0) for GCDSE Joint Staffing

Department of Health
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
14	Various	MH Trust: Continuing Trust Recommendations Not Reflected in FY25 Budget Proposal	(\$375.0) GF/MH (UGF)	(continued) Items 1, 8 and 14 are related.

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Labor**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Labor & Workforce Dev							
Commissioner and Admin Svcs	33,377.1	35,026.9	35,026.9	34,770.7	35,856.4	829.5 2.4 %	1,085.7 3.1 %
Workers' Compensation	11,782.3	11,782.3	11,782.3	12,038.8	12,038.8	256.5 2.2 %	0.0
Labor Standards and Safety	12,078.4	12,078.4	12,078.4	12,362.2	12,362.2	283.8 2.3 %	0.0
Employment & Training Services	62,590.5	66,497.1	66,497.1	58,289.1	60,689.1	-5,808.0 -8.7 %	2,400.0 4.1 %
Vocational Rehabilitation	28,337.4	28,337.4	28,337.4	29,001.3	29,098.8	761.4 2.7 %	97.5 0.3 %
AVTEC	16,537.0	16,570.3	16,570.3	14,148.0	14,911.7	-1,658.6 -10.0 %	763.7 5.4 %
Agency Total	164,702.7	170,292.4	170,292.4	160,610.1	164,957.0	-5,335.4 -3.1 %	4,346.9 2.7 %
Statewide Total	164,702.7	170,292.4	170,292.4	160,610.1	164,957.0	-5,335.4 -3.1 %	4,346.9 2.7 %
Funding Summary							
Unrestricted General (UGF)	21,514.0	27,070.4	27,070.4	21,621.6	22,156.9	-4,913.5 -18.2 %	535.3 2.5 %
Designated General (DGF)	36,943.0	36,943.0	36,943.0	30,391.3	30,391.3	-6,551.7 -17.7 %	0.0
Other State Funds (Other)	15,658.2	15,658.2	15,658.2	15,950.4	19,762.0	4,103.8 26.2 %	3,811.6 23.9 %
Federal Receipts (Fed)	90,587.5	90,620.8	90,620.8	92,646.8	92,646.8	2,026.0 2.2 %	0.0

Department of Labor and Workforce Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Commissioner and Administrative Services / Technology Services	Reorganize Department-Level Information Technology and Helpdesk Functions Under New Technology Services Allocation	\$608.5 I/A Rcpts (Other)	<p>Technology Services, a new allocation, is created under the Commissioner and Administrative Services appropriation. The purpose of this new allocation is to combine the Department's information technology and help desk resources under a single structure.</p> <p>The new allocation consolidates 22 information technology positions which are transferred from within the Department. Interagency receipt authority is added to the new allocation to receive existing funding from the divisions to support the positions.</p>
2	Commissioner and Administrative Services / Workforce Investment Board	Reverse Alaska Vocational Technical Center Funding from Alaska TVEP Account Sec57(b) Ch1 SLA2023 P143 L8 (HB39)	(\$4,732.5) VoTech Ed (DGF)	The current Technical Vocational Education Program (TVEP), established under AS 23.15.835, will sunset at the end of FY24. In FY24, the distribution was moved to language to appropriate the full amount available prior to the sunset. If the legislature chooses to reauthorize the enabling statute through legislation, the FY25 distribution would be reflected in fiscal notes.
3	Commissioner and Administrative Services / Office of Citizenship Assistance	Re-establish the Office of Citizenship Assistance	\$437.8 Gen Fund (UGF)	<p>The Office of Citizenship Assistance (OCA) was originally created in 2004 under AS 23.05.125, but closed at the end of FY08 as there were no appropriations made to support the OCA in FY09 or beyond. The Department seeks to re-establish the OCA within the Commissioner and Administrative Services appropriation.</p> <p>The Department has identified three vacant positions from other allocations to transfer into the OCA in order to meet staffing needs: one position from the Alaska Workforce Investment Board in the same appropriation, and two positions from the Unemployment Insurance allocation in the Employment and Training Services appropriation. These positions will be reclassified in order to meet the service needs of the OCA and will report to a Deputy Commissioner.</p>
4	Employment and Training Services / Workforce Services	Partnership with the Department of Transportation and Public Facilities for Workforce Development	\$2,400.0 I/A Rcpts (Other)	The Department of Transportation and Public Facilities (DOT) has received federal funds for training as part of the Infrastructure Investment and Jobs Act and has partnered with the Department of Labor and Workforce Development to grant funds to individuals through the Alaska Job Center Network for costs directly associated with training and supportive

Department of Labor and Workforce Development
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Employment and Training Services / Workforce Services	Partnership with the Department of Transportation and Public Facilities for Workforce Development	\$2,400.0 I/A Rcpts (Other)	(continued) services. Five vacant positions have transferred from Unemployment Insurance to Workforce Services to administer the distribution. The Department states that, "Workforce Services is working with DOT to define the program guidelines and participant eligibility requirements related to this effort."
5	Vocational Rehabilitation / Vocational Rehabilitation Administration	Temporary Replacement of Federal Indirect Revenues to Maintain Vocational Rehabilitation Administration Support	\$97.5 Gen Fund (UGF) IncOTI	The Division is projecting a shortfall of \$97.5 in FY25 for this allocation. The allocation is funded through a federal indirect rate based on the number of filled positions within the Division. The Department has stated that high vacancy in the Client Services and Disability Determination Services components, 24.3 percent and 37.5 percent respectively, has left the allocation unable to collect \$211.3 in federal indirect revenue. General funds are added to preserve operations until the vacancy rate improves.

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**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Law**

<u>Appropriation</u>	<u>[1] 24Enroll</u>	<u>[2] 24Auth</u>	<u>[3] 24MgtPln</u>	<u>[4] AdjBase</u>	<u>[5] Gov</u>	<u>[5] - [3] 24MgtPln to Gov</u>	<u>[5] - [4] AdjBase to Gov</u>	<u>[5] - [4] Gov</u>	
Law									
Criminal Division	46,685.5	46,685.5	46,685.5	47,435.5	52,440.1	5,754.6	12.3 %	5,004.6	10.6 %
Civil Division	60,548.0	61,774.4	61,774.4	56,680.9	60,234.6	-1,539.8	-2.5 %	3,553.7	6.3 %
Administration and Support	5,533.4	5,383.4	5,383.4	5,495.5	5,691.6	308.2	5.7 %	196.1	3.6 %
Agency Total	112,766.9	113,843.3	113,843.3	109,611.9	118,366.3	4,523.0	4.0 %	8,754.4	8.0 %
Statewide Total									
	112,766.9	113,843.3	113,843.3	109,611.9	118,366.3	4,523.0	4.0 %	8,754.4	8.0 %
Funding Summary									
Unrestricted General (UGF)	74,007.6	75,084.0	75,084.0	70,007.3	78,434.8	3,350.8	4.5 %	8,427.5	12.0 %
Designated General (DGF)	2,900.5	2,900.5	2,900.5	2,969.9	2,969.9	69.4	2.4 %	0.0	
Other State Funds (Other)	33,613.9	33,613.9	33,613.9	34,327.6	34,654.5	1,040.6	3.1 %	326.9	1.0 %
Federal Receipts (Fed)	2,244.9	2,244.9	2,244.9	2,307.1	2,307.1	62.2	2.8 %	0.0	

Department of Law
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Criminal Division / Various	Add Attorneys and Support Staff to Assist with Consent Law Changes	\$2,328.6 Gen Fund (UGF) 12 PFT Positions	<p>In 2022, HB 325 (Ch. 44 SLA 2022) changed the definition of consent in sexual assault cases. Late in that session the originating bill (HB 5) was merged into HB 325, yet the fiscal notes for HB 5 did not accompany the new bill. The fiscal note for the Department of Law reflected a fiscal impact of approximately \$1.7 million and the addition of ten attorneys and support staff.</p> <p>Last session, the Public Defenders Agency and the Office of Public Advocacy each requested and received amounts equivalent to their fiscal notes for the legislation.</p> <p>For FY25, the Criminal Division is now seeking approximately \$2.3 million and 12 positions to address the fiscal impact of the consent law changes. According to the Department, a request for funding in FY24 was not an errant omission, but a deliberate decision to absorb the costs for that year based on projected vacant positions. Likewise a supplemental request for FY24 is not expected.</p> <p>The increments included for FY25 are as follows:</p> <p><u>Second Judicial District:</u> \$319.7 - Attorney 5, range 25, Nome;</p> <p><u>Third Judicial Anchorage:</u> \$382.7 - Attorney 5, range 25, and Paralegal 3, range 17;</p> <p><u>Third Judicial Outside Anchorage:</u> \$114.9 - Law Office Assistant 2, range 13, Kenai;</p> <p><u>Fourth Judicial District:</u> \$248.0 - Attorney 5, range 25, Fairbanks;</p> <p><u>Criminal Justice Litigation:</u> \$248.4 - Two Admin. Assistants in Juneau/ Anchorage</p> <p><u>Criminal Appeals/Special Litigation:</u> \$1,014.9</p> <ul style="list-style-type: none"> - Attorney 5, range 25, Juneau; - Attorney 5, range 25, Bethel; - Attorney 5, range 25, Anchorage; - Paralegal 3, range 17, Anchorage; - Law Office Assistant 2, range 13, Anchorage.

Department of Law
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	Criminal Division / Various	Add Graduate Intern Positions for Criminal Division Internship Program	\$533.2 Gen Fund (UGF) 23 TMP Positions	<p>Historically, the Department has been successful with internships and hiring those interns post graduation as lawyers. Several of the current prosecutors and district attorneys were interns for the agency. In an effort to attract employees and compete with paid intern programs elsewhere, the Department would like to pay interns while they are in school and working their internship, with the goal of retaining them post graduation.</p> <p>Multiple temporary positions and funding are added within the Criminal Division for this purpose as follows:</p> <p>First Judicial District: \$66.4 and three Interns; Third Judicial Anchorage: \$128.2 and six Interns; Third Judicial Outside Anchorage: \$193.5 and eight Interns; and Fourth Judicial District: \$145.1 and six Interns.</p>
3	Criminal Division / Criminal Justice Litigation	Prosecutor and Paralegal Training Academies to Address Retention and Recruitment Challenges	\$100.0 Gen Fund (UGF)	<p>In FY23, the Criminal Division began two "training academies" for Prosecutors and Paralegals. The academies are intended to "provide the employees with foundational training related to Alaska law, and the Division's expectations of the employee in their new role. Prosecutors also receive trial advocacy training, including how to prepare a case for trial, conduct direct and cross examinations, and select a jury."</p> <p>Per the Department, the funding for the academies in FY23 and FY24 was provided from vacant positions, but as those positions are filled, that source will be limited. This request would make the academies part of the base budget.</p> <p>The request is broken into travel to Anchorage for trainings, services to pay for training software, and other training materials.</p>
4	Criminal Division / Criminal Appeals / Special Litigation	Add Investigators, Attorneys and Support Staff	\$2,042.8 Gen Fund (UGF) 11 PFT Positions	<p>Three increments are proposed to address areas of increased need and casework identified by the Division:</p> <p>- \$1,142.9 for six Investigator positions, located in Fairbanks, Juneau, Bethel, Nome, and Anchorage to</p>

Department of Law
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Criminal Division / Criminal Appeals/ Special Litigation	Add Investigators, Attorneys and Support Staff	\$2,042.8 Gen Fund (UGF) 11 PFT Positions	(continued) assist with domestic violence and sexual assault cases when Prosecutors require additional investigation either to make charging decisions or to assist in trial preparation. Currently the only Investigators in the division are in the Medicaid Fraud Control Unit. - \$397.5 for an Attorney and Paralegal to assist with a rising drug prosecutions caseload as the drug epidemic grows; and - \$502.4 for an Attorney, Paralegal and support staff to assist with Grand Jury proceedings. These proceedings are outside of the normal prosecution services provided by the division and requires significant hours to prepare. The legal issues are typically unusual and require legal research and deliberation about how to proceed.
5	Civil Division / Various	STRUCTURE CHANGE - Consolidate Fifteen Allocations into Five Allocations for Increased Efficiencies and Efficacy	n/a	Last session the Governor's budget included actions to amend the Division's budget structure. In the end, these actions did not pass the legislature. For FY25 a very similar proposal is being made consolidating the current fifteen allocations into five allocations. The intent of the consolidation would be to group similar subject matter concepts together which the agency hopes will allow for management efficiencies and more effective deliverance of the Division's mission while providing additional flexibility in using its monetary and human capital resources. All personnel and funding from the various allocations are being transferred to the new allocations. Some previous allocations have been split into multiple new allocations for alignment. See below: New Allocation: Agency Advice & Representation <u>Current Allocations:</u> Labor and State Affairs; Torts and Workers' Compensation New Allocation: Resource Development and Infrastructure <u>Current Allocations:</u> Environmental Law; Natural Resources; Transportation

Department of Law
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Civil Division / Various	STRUCTURE CHANGE - Consolidate Fifteen Allocations into Five Allocations for Increased Efficiencies and Efficacy	n/a	<p>(continued)</p> <p>New Allocation: Legal Support Services <u>Current Allocations:</u> Child Protection; Commercial and Fair Business; Environmental Law; Human Resources; Information/ Project Support; Labor and State Affairs; Natural Resources; Special Litigation; Torts and Workers' Compensation; and Transportation</p> <p>New Allocation: Protective and Legal Service & Support <u>Current Allocations:</u> Child Protection; Commercial and Fair Business; Human Services and Support; and Regulatory Affairs Public Advocacy</p> <p>New Allocation: Government Services <u>Current Allocations:</u> Information and Project Support; Legislation/Regulations; Opinions, Appeals and Ethics; Special Litigation; and Commercial and Fair Business</p>
6	Civil Division / Various	Internship/ Externship Program	\$539.6 Gen Fund (UGF) 35 TMP Positions	<p>Similar to the Criminal Division (see Item 2), the Civil Division is proposing to add positions for paid interns and externs. In addition to being paid, externs would receive assistance with travel and housing.</p> <p>Multiple temporary positions and funding are added for this purpose as follows:</p> <p>Agency Advice & Representation: \$126.2 and three positions; Resource Development & Infrastructure: \$148.2 and nine positions; Protective Legal Services and Support: \$126.2 and eight positions; and Government Services: \$139.0 and ten positions.</p> <p>In total, the Department is requesting \$1,072.8 of UGF and 58 temporary positions for interns and externs between the Criminal and Civil Divisions.</p>

Department of Law
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Civil Division / Protective Legal Services and Support	Add Full-time Attorney 4 (03-#104) and Paralegal 1 (03-#0105) for Child Protection Fairbanks Cases	Total: \$352.4 \$176.2 Gen Fund (UGF) \$176.2 I/A Rcpts (Other) 2 PFT Positions	This increment would fund an additional Attorney and Paralegal to assist with child protection cases in Fairbanks. The agency contends that the Fairbanks caseloads and challenges with preparing for and managing child protective cases, are taxing to the point of attorneys asking to be reassigned. By adding more resources, the work can be distributed to relieve pressure on existing staff.
8	Civil Division / Government Services	Add Positions to Increase Service in the Consumer Protection Unit	\$598.7 Stat Desig (Other) 3 PFT Positions	Consumer protection services generates revenue through penalties, fees, damages and settlements, the majority of which flows to the general fund. A protection settlement will often include a clause directing a percentage be used in the furtherance of consumer education and protection. That portion is collected as Statutory Designated Program Receipts (SDPR) and utilized in the consumer protection unit. This increment would add an Attorney, Investigator and Paralegal to work on consumer protection cases using the SDPR revenues. The agency asserts they are declining "good cases" due to the lack of necessary resources. In addition, SDPR revenue carry-forward language accompanies this appropriation and approximately \$12 million is expected to be carried forward into FY25.
9	Civil Division / Government Services	Remove Chargeback to Clients and Replace Interagency Receipt Authority for Regulation Review	Net Zero \$448.0 Gen Fund (UGF) (\$448.0) I/A Rcpts (Other)	AS 44.62.125 requires the department to advise, assist, review, draft and ensure drafting compliance in regard to state regulations. The Division currently has a chargeback to agencies for final regulation review that is based on the number of pages reviewed versus billing an hourly rate. All drafting and advisement prior to final review is charged at the hourly rate for legal services. The agency has stated the billing methodology for final review is not always an accurate representation of the time and cost necessary for final review. Instead of revising their methodology, they are proposing a base budget increment to perform this function as they believe it to be a core responsibility of the agency.
10	Civil Division / Deputy Attorney General's Office	Increase for Statehood Defense (FY25-FY27)	\$2,018.0 Gen Fund (UGF) IncT	Since 2022, a total of \$11.5 million has been appropriated for statehood defense efforts. \$6.5 million of that was appropriated prior to last session.

Department of Law
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
10	Civil Division / Deputy Attorney General's Office	Increase for Statehood Defense (FY25-FY27)	\$2,018.0 Gen Fund (UGF) IncT	<p>(continued)</p> <p>Of that amount, \$1.2 million is being carried forward into the FY25 budget implying that a total of \$5.3 million has been expended. For FY24, there is \$6.2 million of available expenditure authority.</p> <p>All prior funding has been in the form of language section multi-year appropriations. The FY25 addition is for a \$2,018.0 IncT from FY25-FY27 in the numbers section. This would provide just over \$2 million each year for those three years.</p> <p>This addition for "Statehood Defense" isn't clearly defined, but is understood as the legal resources necessary to protect the State's sovereignty against actions of the federal government on issues such as the environment, fish and wildlife, and natural resources.</p>

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Allocation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DM&VA**

Allocation	[1] 24Enr011	[2] 24Auth	[3] 24MgtP1n	[4] AdjBase	[5] Gov	[5] - [3] 24MgtP1n to Gov	[5] - [4] AdjBase to Gov		
Military & Veterans' Affairs									
Military and Veterans' Affairs									
Office of the Commissioner	5,678.5	5,678.5	5,893.7	6,081.4	7,077.5	1,183.8	20.1 %	996.1	16.4 %
Homeland Security & Emerg Mgt	8,489.4	8,490.9	8,490.9	8,769.9	9,089.1	598.2	7.0 %	319.2	3.6 %
Army Guard Facilities Maint.	14,688.4	14,688.4	14,661.0	14,857.7	14,857.7	196.7	1.3 %	0.0	
Civil Air Patrol	250.0	250.0	250.0	250.0	250.0	0.0		0.0	
Air Guard Facilities Maint.	7,429.8	7,429.8	7,429.8	7,497.0	7,497.0	67.2	0.9 %	0.0	
Alaska Military Youth Academy	11,719.7	11,719.7	11,531.9	10,946.4	11,943.5	411.6	3.6 %	997.1	9.1 %
Veterans' Services	2,356.9	2,356.4	2,356.4	2,384.9	2,384.9	28.5	1.2 %	0.0	
State Active Duty	325.0	325.0	325.0	325.0	325.0	0.0		0.0	
Appropriation Total	50,937.7	50,938.7	50,938.7	51,112.3	53,424.7	2,486.0	4.9 %	2,312.4	4.5 %
Alaska Aerospace Corporation									
Alaska Aerospace Corporation	3,878.3	3,878.3	3,878.3	3,894.2	3,894.2	15.9	0.4 %	0.0	
AAC Facilities Maintenance	6,589.6	6,589.6	6,589.6	6,601.0	6,601.0	11.4	0.2 %	0.0	
Appropriation Total	10,467.9	10,467.9	10,467.9	10,495.2	10,495.2	27.3	0.3 %	0.0	
Agency Total	61,405.6	61,406.6	61,406.6	61,607.5	63,919.9	2,513.3	4.1 %	2,312.4	3.8 %
Statewide Total	61,405.6	61,406.6	61,406.6	61,607.5	63,919.9	2,513.3	4.1 %	2,312.4	3.8 %
Funding Summary									
Unrestricted General (UGF)	15,971.1	15,971.1	15,971.1	15,375.7	17,032.8	1,061.7	6.6 %	1,657.1	10.8 %
Designated General (DGF)	36.3	36.3	36.3	36.3	36.3	0.0		0.0	
Other State Funds (Other)	12,015.9	12,015.4	12,015.4	12,310.2	12,548.0	532.6	4.4 %	237.8	1.9 %
Federal Receipts (Fed)	33,382.3	33,383.8	33,383.8	33,885.3	34,302.8	919.0	2.8 %	417.5	1.2 %

Department of Military and Veterans' Affairs
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Military and Veterans' Affairs / Office of the Commissioner	Add Program Manager for Alaska State Defense Force Oversight	\$138.1 Gen Fund (UGF) 1 PFT Position	<p>The Alaska State Defense Force (ASDF) is a part of the Organized Militia per AS 26.05.100. The Department has expanded the role of ASDF in responding to emergencies and disasters. Currently, the commander of the ASDF is a volunteer position. The Department is requesting to have this position be a State employee, who is accountable to the Commissioner. This is similar to the model used by the Air and Army National Guards. The Department asserts that this position is critical to oversee ASDF and ensure compliance with State requirements.</p> <p>Fiscal Analyst Comment: In FY24 the Governor proposed the creation of a new ASDF allocation and an associated \$2.1 million UGF increase to bring the force from 200 members up to 500. The legislature denied this request for a new allocation and for the funding increase. It maintained the \$400.2 in funding for the force in the Commissioner's Office base budget.</p> <p>Items 1 and 2 are related.</p>
2	Military and Veterans' Affairs / Office of the Commissioner	Expanded Operations of Alaska State Defense Force, Naval Militia, and Civil Air Patrol	\$261.7 Gen Fund (UGF)	<p>The Department states that "the Organized Militia has increasingly been called upon to respond to emergencies and disasters in rural regions of Alaska, necessitating an expansion of new units in rural locations. The operational expansion of the Alaska State Defense Force, Naval Militia, and Civil Air Patrol requires additional funding to enable State Active Duty payments, recruitment efforts, training, travel, supplies, and other associated operating costs."</p> <p>Items 1 and 2 are related.</p>
3	Military and Veterans' Affairs / Office of the Commissioner	Add Accounting Technician 2 to Process Travel for Army National Guard and the Alaska State Defense Force	<p>Total: \$88.9</p> <p>\$28.3 Fed Rcpts (Fed) \$1.8 GF/Match (UGF) \$26.4 Gen Fund (UGF) \$26.6 I/A Rcpts (Other) \$5.8 CIP Rcpts</p>	<p>During the COVID-19 pandemic, travel was suspended and maintenance to the National Guard Armories was deferred. With the resumption of travel, maintenance that was deferred is now being addressed. Along with the increased workload on the travel desk from the Facility Maintenance Office, the ASDF has increased travel responding to emergencies and disasters around the state.</p>

Department of Military and Veterans' Affairs
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Military and Veterans' Affairs / Office of the Commissioner	Add Accounting Technician 2 to Process Travel for Army National Guard and the Alaska State Defense Force	(continued) (Other) 1 PFT Position	(continued)
4	Military and Veterans' Affairs / Office of the Commissioner	Add Systems Programmer 2 for Cybersecurity	Total: \$134.3 \$11.8 Fed Rcpts (Fed) \$1.1 GF/Match (UGF) \$50.9 Gen Fund (UGF) \$65.8 I/A Rcpts (Other) \$4.7 CIP Rcpts (Other) 1 PFT Position	This position is intended to enable the Department to "proactively identify vulnerabilities and implement cybersecurity measures, reducing the risk of data breaches." The Department currently has no cybersecurity positions. Fiscal Analyst Comment: DMVA has historically kept its IT infrastructure and operations outside of the shared services model of the States Office of Information Technology (OIT). According to the Department "OIT's support model and resource allocation are not specifically designed to serve the historic and immediate needs of DMVA....Because of this, DMVA has historically managed and maintained all of its own server infrastructure internally, and outside OIT staff have never contributed to maintenance, support, or operations of DMVA's internal infrastructure."
5	Military and Veterans' Affairs / Office of the Commissioner	Address Rising Information Technology (IT) Infrastructure Contact Costs	\$100.0 Gen Fund (UGF)	The Department's existing contract to maintain its data center infrastructure is expiring and costs are anticipated to double with the new contract. The Department requires a data center on-site to facilitate emergency operations and states that "additional funding for data center hardware replacement will allow it to modernize the data center infrastructure. Failing to replace aging or obsolete hardware risks degradation in service quality, increased maintenance costs, and potential security vulnerabilities."
6	Military and Veterans' Affairs / Office of the Commissioner	Alaska Tuition Assistance for Alaska National Guard and Naval Militia Members	\$200.0 Gen Fund (UGF)	Tuition assistance is available to Air Guard, Army Guard, and Naval Militia members. The semester credit cap was previously set at 12 credits per service member but has been increased to 18 credits to be in line with the federal standard. This assistance is applicable toward the University of Alaska (UA) and other educational opportunities such as trade programs within Alaska. Fiscal Analyst Comment: The Governor is proposing a corresponding reduction of \$200.0 UGF in the UA

Department of Military and Veterans' Affairs
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Military and Veterans' Affairs / Office of the Commissioner	Alaska Tuition Assistance for Alaska National Guard and Naval Militia Members	\$200.0 Gen Fund (UGF)	(continued) budget, lowering the total amount of tuition assistance for service members at the University to \$208.0 UGF. The movement of this half of the funding to the Department will allow service members to spend tuition grants at other institutions, not just within the UA system.
7	Military and Veterans' Affairs / Homeland Security and Emergency Management	Add Three Emergency Management Specialists for Disaster Assistance	Total: \$319.2 \$223.4 Fed Rcpts (Fed) \$95.8 I/A Rcpts (Other)	This increment is for two Emergency Management Specialist 2 positions, and one Emergency Management Specialist 3 position. The Department reports that an "...increase of declared disasters has resulted in increased programmatic workload, necessitating additional permanent employees for the Disaster Assistance section. The current workload has been assisted through costly contractor staff. These new positions will reduce costs since the hourly cost of a contractor is 174 percent higher than the hourly cost for a State employee to complete the same work." Fiscal Analyst Comment: The costs for the contractor currently doing disaster assistance are paid for by State and Federal disaster funds out of the Disaster Relief Fund (DRF). Any money saved by switching these duties to State employees would reduce the amount of UGF funding needed for deposit into the DRF.
8	Military and Veterans' Affairs / Alaska Military Youth Academy	Increase General Fund Match for Federally Funded Employee Benefit Costs	\$160.0 GF/Match (UGF)	In FY24, federal authority was increased, and UGF decreased, for allowable employee benefits that can be federally reimbursed at the Alaska Military Youth Academy (AMYA). The original match amount requested was not sufficient to fulfill the 25% match requirement for the \$1.9 million in additional federal authority associated with the request. This increment, when combined with the previous \$475.0 UGF/Match funding added to the AMYA budget in FY24, will bring the total UGF/match funding associated with this change up to \$635.0, which fulfills the 25% match for the required 75% federal to 25% match split associated with the \$1.9M fund change from UGF to federal receipt authority. Fiscal Analyst Comment: The insufficient match funding in AMYA's FY24 budget was offset using a

Department of Military and Veterans' Affairs
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Military and Veterans' Affairs / Alaska Military Youth Academy	Increase General Fund Match for Federally Funded Employee Benefit Costs	\$160.0 GF/Match (UGF)	(continued) portion of the \$881.9 one-time UGF funding for updates and modernization of the campus which was added by the legislature. No FY24 supplemental appropriation will be necessary.
9	Military and Veterans' Affairs / Alaska Military Youth Academy	Operational Cost Increase Due to Inflation, Additional Maintenance, and Technology Costs	\$631.8 Gen Fund (UGF)	<p>The AMYA has been able to absorb rising operational costs the last few years because the student count was reduced due to the COVID-19 pandemic. Now that classes are returning to pre-pandemic levels they have lost that flexibility.</p> <p>The Department indicates that "food costs have increased significantly since the last time class sizes were comparable to current numbers. Additionally, snow removal, parking lot sweeping, and general maintenance required to keep buildings operational have increased. Additional funding is needed for computers and software including server maintenance."</p> <p>Fiscal Analyst Comment: AMYA was able to reduce its base UGF budget by \$1.4 million in FY24 due to the switch to federal funding, but it retained \$881.9 in one-time UGF funding in FY24 for updates and modernization of the campus. Items 8 and 9 would combine to add \$791.8 back into AMYA's base budget, for a net reduction from FY23 levels of \$633.2.</p>

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**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DNR**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Natural Resources							
Administration & Support	30,837.5	31,031.9	31,031.9	31,607.3	31,828.3	796.4 2.6 %	221.0 0.7 %
Oil & Gas	22,168.1	22,168.1	22,168.1	22,646.2	22,646.2	478.1 2.2 %	0.0
Fire, Land & Water Resources	117,826.5	118,346.7	118,346.7	120,109.2	125,634.2	7,287.5 6.2 %	5,525.0 4.6 %
Agriculture	6,891.4	6,891.4	6,891.4	7,041.6	7,041.6	150.2 2.2 %	0.0
Parks & Outdoor Recreation	19,380.0	19,044.0	19,044.0	19,512.2	20,372.2	1,328.2 7.0 %	860.0 4.4 %
Agency Total	197,103.5	197,482.1	197,482.1	200,916.5	207,522.5	10,040.4 5.1 %	6,606.0 3.3 %
Statewide Total	197,103.5	197,482.1	197,482.1	200,916.5	207,522.5	10,040.4 5.1 %	6,606.0 3.3 %
Funding Summary							
Unrestricted General (UGF)	72,975.1	73,353.7	73,353.7	74,310.0	78,551.3	5,197.6 7.1 %	4,241.3 5.7 %
Designated General (DGF)	43,890.1	43,890.1	43,890.1	45,199.4	47,429.1	3,539.0 8.1 %	2,229.7 4.9 %
Other State Funds (Other)	41,307.4	41,307.4	41,307.4	42,091.7	42,425.9	1,118.5 2.7 %	334.2 0.8 %
Federal Receipts (Fed)	38,930.9	38,930.9	38,930.9	39,315.4	39,116.2	185.3 0.5 %	-199.2 -0.5 %

Department of Natural Resources
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Administration & Support Services / Office of Project Management & Permitting	Increase Funding in Accordance with Carbon Offset Program (SB48 (Ch. 2, SLA 2023)) FY2025 Fiscal Note Projection	\$116.0 Gen Fund (UGF) 1 PFT Position	<p>This \$116.0 base Increment funds a full-time Administrative Officer 1, located in Anchorage, to provide support to the Large Project Coordinator added in FY24. This corresponds with FY25 costs identified in the fiscal note for the Carbon Offset Program on State Land (SB48, Ch. 2, SLA 2023).</p> <p>The FY25 proposal also includes a separate \$60.0 One-Time Increment for the following FY25 costs identified in the fiscal note: \$10.0 for startup costs associated with the new Administrative Officer position; and \$50.0 One-Time Increment for a contractor to conduct a survey of Alaska lands.</p>
2	Oil & Gas / Oil & Gas	Add General Fund Program Receipt Authority and Replace UGF	Total: \$385.0 (\$500.0) Gen Fund (UGF) \$885.0 GF/Prgm (DGF)	<p>The Division of Oil and Gas has seen receipt revenues exceed available authority in recent years, and its FY25 budget adds \$885.0 in General Fund Program Receipt (GF/PR) Authority. \$500.0 of the total is replacing Unrestricted General Funds (UGF). The remaining \$385.0 represents increased expenditures.</p> <p>\$200.0 of the additional GF/PR is for increased inspection workloads for oil and gas easements on state land. According to the Department of Natural Resources (DNR), required inspections have tripled since 2021, due to federal policy changes impacting the responsibilities of state agencies. DNR states the remaining \$185.0 GF/PR is to "utilize program receipt revenues for operating costs that maximize prudent use of oil and gas exploration and development."</p> <p>Fiscal Analyst Comment: Replacing UGF with existing program receipts does not result in a deficit reduction.</p>
3	Fire Suppression, Land & Water Resources / Mining, Land & Water	Advancing State's Rights in Navigability and Revised Statute 2477	\$741.0 GF/Prgm (DGF)	<p>In 2021, the legislature provided temporary funding of \$695.0 UGF (FY22-FY24) and three full-time positions, a Historian 2 and two Natural Resource Specialist 3s in Anchorage. All three positions were filled during FY22.</p> <p>The Governor's FY25 proposal would add \$741.0 General Fund Program Receipts (GF/PR) to the base budget. \$366.0 of the increment would continue funding for the three positions added in the FY22</p>

Department of Natural Resources
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Fire Suppression, Land & Water Resources / Mining, Land & Water	Advancing State's Rights in Navigability and Revised Statute 2477	\$741.0 GF/Prgm (DGF)	(continued) budget. The remaining \$365.0 would fund contracts for technical and legal services for data gathering, documentation, and litigation. Fiscal Analyst Comment: Replacing UGF with existing program receipts does not result in a deficit reduction.
4	Fire Suppression, Land & Water Resources / Mining, Land & Water	Add GF Program Receipts for Reclassification and Addition of Range Flexibility for Natural Resource Specialist Positions	\$400.0 GF/Prgm (DGF)	The Division of Mining, Land and Water (DMLW) has experienced high turnover in the Natural Resource Specialist job class series. To address this, DMLW has reclassified existing positions to a higher level within the job class series and added flexibility between ranges, so employees can be promoted without having to move to a new position. Resulting costs are currently being funded using existing sources, and DMLW is requesting additional authority to fund these costs on a continuing basis.
5	Fire Suppression, Land & Water Resources / Forest Management & Development	Add UGF to Allow Existing Timber Sale Receipts to Fund Expanded Forestry Road Infrastructure Projects	\$900.0 Gen Fund (UGF)	The Division's FY25 request would fund personal services with UGF instead of Timber Sale Receipts, so that personnel are paid using the more predictable funding source. Timber Sale Receipts are revenues from timber sales on state lands, and available funds may fall short of budgeted authority. Forest Management and Development (FMD) is transferring \$879.0 of Timber Sale Receipts from personal services to services. In addition, FMD is adding \$900.0 UGF to personal services. As a result, personal services funding increases by \$21.0 , but is being funded by UGF instead of Timber Sale Receipts. The \$879.0 transfer to the services line will provide funding for continuing maintenance and construction projects. The initial projects include: 1) Replacement of Goldstream Creek Bridge near Fairbanks; 2) Engineering plans for Tsirku River Bridge near Haines; 3) Road construction, maintenance, and upgrades for the Haines, Southeast, and Tanana Valley State Forests; and 4) Update forest stand mapping in response to a bark

Department of Natural Resources
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Fire Suppression, Land & Water Resources / Forest Management & Development	Add UGF to Allow Existing Timber Sale Receipts to Fund Expanded Forestry Road Infrastructure Projects	\$900.0 Gen Fund (UGF)	(continued) beetle outbreak in Southcentral Alaska. Fiscal Analyst Comment: Some of the new projects funded by the increment may be more appropriate as capital budget items.
6	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	New Leases for Northern Region Warehouse and Southcentral Crew Facility	\$1,500.0 Gen Fund (UGF)	Funding is added to support Department of Transportation and Public Facilities (DOTPF) estimates for two new leases: 1) The Northern Region Warehouse, which is owned by the State, is in disrepair to the extent that DOTPF is unable to provide maintenance services. DNR intends to lease a new facility and eventually repurpose the old space for training, offices, and crew storage. The new lease would be a stopgap for eight to ten years. DNR has tentative plans to share a facility with the Bureau of Land Management (BLM), with DNR providing land it already owns near the Fairbanks International Airport and BLM paying the facility construction costs. 2) The Southcentral crew facility was built with DNR funding on University of Alaska Fairbanks (UAF) land, under an agreement that DNR would not have to pay land leasing costs. The land was later sold by UAF to a private party. The private party has allowed DNR to continue not paying land leasing costs, but DNR's lease expires October 2024, and the new owner will only allow DNR the option for one-year leases. In order to ensure stable housing availability for firefighting crews, DNR intends to move to a new location in Southcentral, which has not yet been identified.
7	Fire Suppression, Land & Water Resources / Various	Incentive Pay for Wildland Firefighters	\$1,800.0 Gen Fund (UGF)	The increment would provide incentive pay to wildland firefighters through a letter of agreement (LOA). Only Wildland Fire and Resource Technician (WFRT) positions would be eligible. The LOA has not been finalized, but DNR anticipates the incentive compensation would be 32 percent of an eligible employee's pay. DNR has calculated that Alaska WFRTs earn on average 46 percent less than comparable firefighting positions at other state and federal agencies.

Department of Natural Resources
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 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Fire Suppression, Land & Water Resources / Various	Incentive Pay for Wildland Firefighters	\$1,800.0 Gen Fund (UGF)	(continued) \$1,200.0 of the funding is in the Fire Suppression Preparedness allocation. The remaining \$600.0 is in Fire Suppression Activity (FSA). Though FSA has no budgeted PCNs, unbudgeted positions post to FSA while actively fighting fires. These unbudgeted positions are also eligible for incentive pay. The LOA is intended to be a temporary stopgap until a pending Department of Administration classification study on WFRTs is completed. This base increment would transition to funding any salary increases resulting from the classification study.
8	Parks & Outdoor Recreation / Parks Management & Access	Add Park Ranger 1 and Park Specialist to Improve Management of Delta Area State Park Units	\$210.0 GF/Prgm (DGF) 2 PFT Positions	According to DNR, Delta State Park units have degraded due to insufficient management capacity and maintenance. The increment would fund a full-time Park Ranger 1 and a Park Specialist, both located in Fairbanks, to oversee the area's parks. Fairbanks' existing field staff is composed of two Park Rangers, a Park Specialist, and a Park Superintendent.
9	Parks & Outdoor Recreation / Parks Management & Access	Maintain Boat and Off-Road Vehicle Fleet	\$300.0 GF/Prgm (DGF)	Boats and off-road vehicles (ORVs) are not included in DOTPF's State Equipment Fleet, requiring DNR to pay for maintenance costs as they occur. This increment would allow for emergency maintenance costs and stocking of spare parts. In remote locations, the Department does not have spare boats or ORVs, so delayed maintenance and repairs could inhibit responses to emergencies.
10	Parks & Outdoor Recreation / Parks Management & Access	Remove Boat Registration Fee Authority and Appropriate UGF Sum Certain Equal to Prior Year Boat Registration Collections	Total: (\$25.0) \$281.3 Gen Fund (UGF) (\$306.3) Boat Rcpts (DGF)	The Governor's FY25 budget proposal removes \$306.3 of Boat Registration Fee authority from the numbers section, instead adding \$281.3 UGF in the language section. \$281.3 is equal to the amount of Boat Registration Fees collected in the prior year. The intention is to allow Boat Registration Fees to lapse to the general fund, then appropriate an equivalent amount of UGF in the following year. This would allow more predictability, since the amount of Boat Registration Fees in a given year is uncertain and not available for appropriation until late in the fiscal year.

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DPS**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Public Safety							
Fire and Life Safety	7,430.3	7,180.3	7,180.3	7,281.3	7,381.3	201.0 2.8 %	100.0 1.4 %
Alaska State Troopers	188,186.2	188,186.2	188,186.2	191,389.8	197,674.4	9,488.2 5.0 %	6,284.6 3.3 %
Village Public Safety Officers	20,888.6	20,888.6	20,888.6	20,811.0	24,310.8	3,422.2 16.4 %	3,499.8 16.8 %
AK Police Standards Council	1,432.8	1,432.8	1,432.8	1,459.0	1,637.4	204.6 14.3 %	178.4 12.2 %
Victim Services	35,951.8	36,854.5	36,854.5	34,687.9	32,792.4	-4,062.1 -11.0 %	-1,895.5 -5.5 %
Statewide Support	53,431.8	54,331.8	54,331.8	54,046.5	55,528.6	1,196.8 2.2 %	1,482.1 2.7 %
Agency Total	307,321.5	308,874.2	308,874.2	309,675.5	319,324.9	10,450.7 3.4 %	9,649.4 3.1 %
Statewide Total	307,321.5	308,874.2	308,874.2	309,675.5	319,324.9	10,450.7 3.4 %	9,649.4 3.1 %
Funding Summary							
Unrestricted General (UGF)	242,434.1	242,384.1	242,384.1	244,419.4	254,979.2	12,595.1 5.2 %	10,559.8 4.3 %
Designated General (DGF)	9,409.4	10,309.4	10,309.4	9,487.6	9,512.2	-797.2 -7.7 %	24.6 0.3 %
Other State Funds (Other)	16,405.6	16,405.6	16,405.6	16,577.2	14,142.2	-2,263.4 -13.8 %	-2,435.0 -14.7 %
Federal Receipts (Fed)	39,072.4	39,775.1	39,775.1	39,191.3	40,691.3	916.2 2.3 %	1,500.0 3.8 %

Department of Public Safety
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Fire and Life Safety / Fire and Life Safety	New Lease for Fire and Life Safety Division	\$100.0 Gen Fund (UGF)	A new lease will be initiated with the Alaska Housing Finance Corporation (AHFC) to provide added workspace for Fire and Life Safety Division staff. The agency requests additional space to accommodate workload and staffing increases, and changing technological needs. Annual Rent: \$73,200 (\$2.37 x 2,574 sf x 12 months) Annual Utilities: \$15,100 (\$0.49 x 2,574 sf x 12 months) Lease Improvement: \$11,700
2	Alaska State Troopers / Various	Increased Lease and Utility Costs	\$655.0 Gen Fund (UGF)	The agency reports an increase in utility costs for electricity, water and sewage, and heating oil, as well as increased lease costs throughout Alaska. Rural Trooper Housing: \$390.0 AST Detachments: \$265.0
3	Alaska State Troopers / Various	Retention Initiative to Fund Trooper Relocation Costs in Compliance with Tax Cuts and Jobs Act of 2017	\$437.5 Gen Fund (UGF)	Funding is added to assist with the rising cost of Trooper relocation throughout the state. The Public Safety Employees Association (PSEA) collective bargaining agreement contract specifies that the State will cover costs such as airfare, temporary lodging, and the packing and shipping of household goods. These reimbursements were made taxable under the Tax Cuts and Jobs Act of 2017, which can create a significant tax burden on individuals depending on their relocation costs and destination. The agency will enter into a Letter of Agreement (LOA) with PSEA to allow the State to cover the individual tax liability related to contractually required moves for current and prospective employees.
4	Alaska State Troopers / Alaska State Trooper Detachments	Travel, Services, Commodities, and Capital Outlay to Support State Trooper Position Added in FY24 for Western Alaska	\$87.2 Gen Fund (UGF)	In FY24, the legislature provided \$250.0 of general funds to add a Trooper position in Western Alaska. The Governor's request describes additional ongoing costs associated with this type of rural trooper post, which includes additional travel, services, and equipment costs. The agency plans to put the position out for bid in the fourth quarter of FY24.
5	Alaska State Troopers / Alaska State Trooper Detachments	Additional Digital Evidence Management Storage to Provide Increased Access to Evidence Needed for Legal Proceedings	\$75.0 Gen Fund (UGF)	In FY24, the legislature funded a request to move to a digital evidence management system, adding \$300.0 UGF to the base for Public Safety, and \$400.0 UGF for the Department of Law. The agency requests an increment to fund additional storage space and to ensure comprehensive access.

Department of Public Safety
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 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
6	Alaska State Troopers / Alaska State Trooper Detachments	Add Full Funding for Trooper Positions Added in FY21 that are Now Filled	\$92.0 Gen Fund (UGF)	In FY21, the legislature provided 75 percent of the required funding for 36 positions added in the Alaska State Troopers appropriation. As those positions have been filled, the agency has requested full funding. This provides the full amount necessary to support a Public Safety Technician 1/2, and a State Trooper position that were added to the budget in FY21 and filled in FY24.
7	Alaska State Troopers / Alaska State Trooper Detachments	Add Full-Time Program Manager and Funding for Trooper Applicant Travel to Support Recruitment Strategies and Initiatives	\$249.6 Gen Fund (UGF) 1 PFT Position	A Program Manager is added in Anchorage to expand State Trooper and agency recruitment efforts. In addition to funding the position and \$20.0 of added travel costs for that individual, this increment also provides \$56.3 to cover air travel costs for State Trooper applicants who advance in the interview and testing process and who are not on the Alaska Road System.
8	Alaska State Troopers / Alaska State Trooper Detachments	Vehicles to Enhance Judicial Services	\$147.0 Gen Fund (UGF) IncOTI	Three vehicles are added to replace decommissioned inmate transport vans that the agency had kept as backup to their State Equipment Fleet (SEF) replacements. These new vehicles will be included in the SEF, and maintenance costs will be determined in future SEF rate increases. These vehicles transport inmates between Department of Corrections facilities and judicial services hearings, unlike Inmate Transportation vehicles under the Department of Corrections, which transport inmates between facilities, but not to hearings.
9	Alaska State Troopers / Various	Cost Increases for Law Enforcement Supplies and Equipment (FY25-FY27)	\$800.0 Gen Fund (UGF)	Funding is added in language for clothing and uniforms, tools, and safety gear, as well as parts and supplies. The agency requested this as a Multiyear appropriation to maintain funding flexibility across fiscal years, as those needs are assessed. Sec. 25. DEPARTMENT OF PUBLIC SAFETY. The following amounts are appropriated from the general fund to the Department of Public Safety to address rising costs for law enforcement supplies and equipment for the fiscal years ending June 30, 2025, June 30, 2026, and June 30, 2027: (1) \$500,000 to Alaska State Troopers Detachments; (2) \$300,000 to Alaska Wildlife Troopers. Fiscal Analyst Comment: This request funds ongoing operating costs. Funding it as a Multiyear

Department of Public Safety
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 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Alaska State Troopers / Various	Cost Increases for Law Enforcement Supplies and Equipment (FY25-FY27)	\$800.0 Gen Fund (UGF)	(continued) appropriation will automatically remove it from the FY28 Adjusted Base. While this allows the agency flexibility to reevaluate annual supply and equipment funding needs, it's unclear why this funding is temporary.
10	Alaska State Troopers / Alaska Bureau of Investigation	Add Three Non-Permanent State Troopers (12-#175, 12-#176, and 12-#177) for Child Crimes Investigations	\$698.5 Gen Fund (UGF) 3 TMP Positions	Funding is added for three child crimes Investigators in Bethel, which the agency plans to fill with "...properly trained and likely retired investigators." The Alaska Bureau of Investigation currently has four filled positions in Bethel, as well as a non-permanent Investigator on rotation in Western Alaska. The agency reports that the volume of sexual assault cases surpasses existing Investigator capacity. A separate One-Time Increment of \$55.2 is provided for startup costs associated with these positions, which is lower than the amount typically added with a new commissioned officer position.
11	Alaska State Troopers / Alaska Bureau of Investigation	Fully Fund Non-Permanent State Troopers for Missing and Murdered Indigenous Persons Investigations	\$450.1 Gen Fund (UGF)	In FY24, the legislature added two long term non-permanent Investigators for Missing and Murdered Indigenous Persons, and indicated that the agency may also add positions in Management Plan to fully leverage the funding for that purpose. The Department reports that it has used that funding to support personal services costs for four non-permanent Missing and Murdered Indigenous Persons (MMIP) Investigators with two located in Soldotna, one in Fairbanks, and one in Anchorage. This request will provide non-personal services costs including training, investigative travel, telecommunications, operations and maintenance of a vehicle, and annual replenishment of uniform, firearm, radio, and other supplies.
12	Alaska State Troopers / Aircraft Section	Cost Increases for Aircraft Hangar and Tie Down Leases in Rural Alaska	\$158.2 Gen Fund (UGF)	The agency reports increased hangar and tie down lease costs required to maintain the agency's current footprint. The funding will also be used to address critical needs for tie down space where existing hangars have yet to be identified.
13	Alaska State Troopers / Aircraft Section	Add Full-time Aircraft Maintenance Inspector (12-#162) for Quality Assurance	\$148.3 Gen Fund (UGF) 1 PFT Position	The agency currently has two Aircraft Maintenance Inspectors stationed in Anchorage, and this funding will add a third in Fairbanks to meet the agency's current workload requirements. The position will

Department of Public Safety
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(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
13	Alaska State Troopers / Aircraft Section	Add Full-time Aircraft Maintenance Inspector (12-#162) for Quality Assurance	\$148.3 Gen Fund (UGF) 1 PFT Position	(continued) provide quality assurance, maintenance oversight, and coordinate vendor-based maintenance for the 44 Public Safety aircraft located across the state. A separate One-Time Increment of \$18.4 is provided for startup costs associated with a new civilian position.
14	Alaska State Troopers / Aircraft Section	Add Two Full-time Aircraft Pilot 1 (12-#167, 12-#168) Positions to Meet Demand	\$408.3 Gen Fund (UGF) 2 PFT Positions	Aircraft pilots are added in Nome and Fairbanks to supplement the two pilots that are currently stationed in those rural hub communities. The agency reports that it has no local backup coverage to support search and rescue and emergency response calls when these individuals are not working, and temporary duty assignment cannot guarantee coverage or timely response: "There are many occasions where the need for an aircraft response is greater than the number of hours the Nome and Fairbanks based pilots are allowed to fly. These positions will allow for increased pilot support by eliminating the delay of the arriving pilot and by providing a secondary Pilot to be called in to service due to extenuating circumstances or emergencies." A separate One-Time Increment of \$36.8 is added for startup costs associated with two new civilian positions.
15	Alaska State Troopers / Aircraft Section	Add Criminal Justice Planner (12-#161) to Support Small Unmanned Aircraft Systems Unit for Drone Operations	\$154.1 Gen Fund (UGF) 1 PFT Position	The agency will add a Criminal Justice Planner to oversee the tactical and administrative functions related to the Unmanned Aircraft Systems (UAS) program. They will oversee certifications and training records for crew members, pilots, and visual observers in compliance with state reporting requirements. This individual will be responsible for, "...the condition, maintenance, and flight records of the UAS and its associated equipment within the data reporting software; and registration and markings of all UAS owned and operated by their division in accordance with current Federal Aviation Administration 14 CFR Part 107 regulations." The initial phases of the program have been managed

Department of Public Safety
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Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
15	Alaska State Troopers / Aircraft Section	Add Criminal Justice Planner (12-#161) to Support Small Unmanned Aircraft Systems Unit for Drone Operations	\$154.1 Gen Fund (UGF) 1 PFT Position	(continued) as an additional duty by a Detachment Commander (Captain) within the Division of Wildlife Troopers due to that individual's specific knowledge and capabilities from a previous role. However, this is not a sustainable arrangement as the UAS program continues to expand beyond what can be reasonably considered an additional duty for a Detachment Commander. A separate One-Time Increment of \$18.4 is added for startup costs associated with a new civilian position.
16	Alaska State Troopers / Alaska Wildlife Troopers Marine Enforcement	Federal Authority for Joint Enforcement Agreement with the National Oceanic and Atmospheric Administration	\$1,500.0 Fed Rcpts (Fed)	Federal receipt authority is added for the Joint Marine Enforcement Agreement between the Department of Public Safety, Alaska Wildlife Troopers, Marine Enforcement and the National Oceanic and Atmospheric Administration (NOAA). Federal receipts support State Wildlife Trooper enforcement activities related to federal laws and regulations under the Magnuson-Stevens Fishery Conservation Act; the Endangered Species Act of 1973; the Lacey Act Amendments of 1981; and the Northern Pacific Halibut Act of 1982. This Joint Enforcement Agreement has been in place for multiple decades, and Federal receipt authority will be moved to the operating budget to reflect that this is an ongoing item. Fiscal Analyst Comment: The agency requires additional FY24 receipt authority for these funds, which may appear as a supplemental operating request.
17	Village Public Safety Officer Program / Village Public Safety Officer Program	Add Funding for Ten New Village Public Safety Officers to Meet Program Demand and Fund a \$2.50/hr Pay Increase for VPSOs	\$3,499.8 Gen Fund (UGF)	Funding is added for 10 new Village Public Safety Officer (VPSO) positions. The agency currently has 70 filled VPSO positions that serve 143 communities, with some VPSO's assigned to more than one community, and others acting as a rover. The agency reports that approximately 60 Alaskan communities have requested an assigned full-time VPSO position. This increase also funds a \$2.50/hour pay increase for all VPSOs, which will have the greatest proportionate

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Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
17	Village Public Safety Officer Program / Village Public Safety Officer Program	Add Funding for Ten New Village Public Safety Officers to Meet Program Demand and Fund a \$2.50/hr Pay Increase for VPSOs	\$3,499.8 Gen Fund (UGF)	(continued) impact for VPSO starting salaries (a 7.4 percent increase).
18	Alaska Police Standards Council / Alaska Police Standards Council	Add Full-Time Administrative Investigator 1 to Meet Demand	\$160.0 GF/Prgm (DGF) 1 PFT Position	The Alaska Police Standards Council (APSC) is staffed with four positions including an Executive Director, Administrative Assistant, Administrative Investigator 1, and a Training Coordinator. The caseload for these individuals has increased several times over, and APSC anticipates that investigations and complaints will increase with the roll-out of body worn cameras. This position will assist with investigations and timely hearings. A separate One-Time Increment of \$18.4 is added for startup costs associated with a new civilian position. Items 18 and 26 are related.
19	Various	Create New Victim Services Appropriation for CDVSA, VCCB, and New Victim Services Administration and Support Allocation	n/a	The Governor's budget includes structure changes to highlight specific functions within the agency: <u>Victim Services</u> - new appropriation in FY25 with the following allocations: Domestic Violence / Sexual Assault - previously under its own appropriation Violent Crimes Compensation Board - previously under its own appropriation Victim Services Administration and Support - new allocation in FY25 The agency consolidated existing Victim Services Administration and Support resources and personnel into the new allocation to demonstrate program alignment: <ul style="list-style-type: none"> -Program Coordinator 2 and Training Specialist 1 from Special Projects -Program Coordinator and five Victim-Witness Paralegals from AST Detachments -Program Coordinator 2 and Criminal Justice Tech 1/2 from the Alaska Bureau of Investigation Items 19 and 22 are related.

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Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
20	Victim Services / Council on Domestic Violence and Sexual Assault	Replace Restorative Justice Account Authority with General Funds	Net Zero \$105.7 Gen Fund (UGF) (\$105.7) Rest Just (Other)	The amount of Restorative Justice Account funding available for appropriation each year is set in a statutory calculation under AS 43.23.048 to determine the sum of Permanent Fund Dividends forfeited by Alaskans with certain criminal convictions. In FY24, the amount was based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year, and in FY25 it is based on 7,556 ineligible Alaskans and a \$1,312 dividend for the qualifying 2022 calendar year. AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses: 10% - Crime Victims Comp. Fund (10-13%) 3% - Legislature - Office of Victims' Rights (2-6%) 4% - Public Safety - Nonprofit Services for Crime Victims (1-3%) 4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%) 79% - Corrections - Costs Related to Incarceration or Probation (79-88%) Items 20 and 21 are related.
21	Victim Services / Violent Crimes Compensation Board	Reduce Restorative Justice Account Authority	(\$2,299.3) Crime VCF (Other)	The Crime Victims Compensation Fund is capitalized with Restorative Justice Account funding. AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses: 10% - Crime Victims Comp. Fund (10-13%) 3% - Legislature - Office of Victims' Rights (2-6%) 4% - Public Safety - Nonprofit Services for Crime Victims (1-3%) 4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%) 79% - Corrections - Costs Related to Incarceration or Probation (79-88%) Items 20 and 21 are related.
22	Victim Services / Victim Services Administration and Support	Add Full-time Administrative Assistant 1 (12-#139) for Victim Services Division	\$109.3 Gen Fund (UGF) 1 PFT Position	An Administrative Assistant 1 is added in Anchorage to support the Domestic Violence/Sexual Assault Training Unit, Victim Navigator Program, and Council on Human and Sex Trafficking. This position is

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Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
22	Victim Services / Victim Services Administration and Support	Add Full-time Administrative Assistant 1 (12-#139) for Victim Services Division	\$109.3 Gen Fund (UGF) 1 PFT Position	(continued) created with the intent of providing administrative efficiencies for the consolidated functions. A separate One-Time Increment of \$18.4 is added for startup costs associated with a new civilian position. Items 19 and 22 are related.
23	Victim Services / Victim Services Administration and Support	Add Two Full-time Paralegal 2 (12-#140, 12- #141) Positions to Expand Victim Navigator Program	\$239.3 Gen Fund (UGF) 2 PFT Positions	These Paralegal 2 positions will be posted in Anchorage and Ketchikan specifically to work on sex trafficking investigations, and to assist with cases in which victims are flown in from rural Alaska. These positions can assist investigators, allowing their time to be used more efficiently. The agency also describes how "...the level of contact with victims and witnesses provided by these new positions cannot be provided by the commissioned troopers, who are overburdened with extremely high caseloads and responding to calls for service. These positions provide new and much needed service to the public." The navigator program was implemented in FY24 and the agency plans to expand program coverage to provide more equitable levels of service and support to rural victims. A separate One-Time Increment of \$36.8 is added for one-time startup costs associated with two new civilian positions.
24	Statewide Support / Commissioner's Office	Missing and Murdered Indigenous Persons Outreach and Education	\$250.0 Gen Fund (UGF)	The Department will contract services with an advertising agency for two public information campaigns, in keeping with the recommendations of the Governor's Missing and Murdered Indigenous Persons working group. 1. Educate Alaskans about the importance of reporting missing persons to 911 immediately; there is no 24- hour waiting period. 2. Increase the number of bulletins and photos sent out for missing persons.
25	Statewide Support / Commissioner's Office	Funding to Support RSA for Two Department of Law Criminal Division Attorneys to Advise DPS	\$418.2 Gen Fund (UGF)	Funding is added to the budget to support an existing RSA with the Department of Law for two Criminal Division attorneys to provide legal advice and support to the Department of Public Safety. Both agencies had

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Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
25	Statewide Support / Commissioner's Office	Funding to Support RSA for Two Department of Law Criminal Division Attorneys to Advise DPS	\$418.2 Gen Fund (UGF)	(continued) absorbed this cost in their budgets at various points over the last few years, and this will now add funding to budget the cost through Public Safety.
26	Statewide Support / Commissioner's Office	Add Full-time Criminal Justice Technician 2 (12-#144) for Public Records Act Compliance for Body-Worn Cameras	\$142.0 Gen Fund (UGF) 1 PFT Position	A Criminal Justice Technician 2 is added to the Mobile Audio and Video Recording Equipment team to assist with public records requests as the agency expands the Body-Worn Camera Program to additional areas of the state. The agency receives approximately 10,000 public record requests each year. To meet the requirements of the Alaska Public Records Act (APRA), they must respond and provide the requested records within 10 business days. Funding is also included for additional licenses for video/audio redaction software that is required under APRA, and for updated public records tracking software that will allow for digital payment, and the digital redaction and transmission of files. A separate One-Time Increment of \$18.4 is added for startup costs associated with a new civilian position. Items 18 and 26 are related.
27	Statewide Support / Training Academy	Address Rising Training Academy Instructor Overtime and Services Costs	\$190.0 Gen Fund (UGF)	Funding is added to support expanded Alaska State Trooper Training Academy class sizes, and individualized support for trainees: \$150.0 is added for Training Academy instructor overtime costs that were previously absorbed by the agency. The agency offers specialized and extended training to assist some recruits through the Academy within the necessary time frame. This added funding will allow for some expansion of Training Academy capacity. \$40.0 is added for services cost increases driven by inflation.
28	Statewide Support / Training Academy	Replace Decommissioned Vehicle for Training Academy	\$65.0 Gen Fund (UGF) IncOTI	The agency uses two 15-seat passenger vans to transport trainees; one vehicle is included in the State Equipment Fleet (SEF) and the other is the decommissioned predecessor of the SEF vehicle which the agency kept to meet program demand. The decommissioned vehicle is now inoperable for these

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Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
28	Statewide Support / Training Academy	Replace Decommissioned Vehicle for Training Academy	\$65.0 Gen Fund (UGF) IncOTI	(continued) purposes, and the agency is requesting to replace it with a new passenger van that will be added to the SEF and covered in future rate adjustments.
29	Statewide Support / Criminal Justice Information Systems Program	Crime Data Portal for Public Interface on Public Safety Website	\$67.0 Gen Fund (UGF) IncOTI	The agency will purchase a software module to support a Crime in Alaska public portal. This data reporting will address common requests from the public, media, academia, and lawmakers for crime statistics. The budget request states that "the new module makes crime data available to the public in a searchable database and will ensure the department can meet the state and federal requirements for crime reporting with existing staffing."
30	Statewide Support / DPS State Facilities Rent	Address Rising Facilities Lease Costs	\$270.0 Gen Fund (UGF)	Funding is added to address FY23 and FY24 lease cost increases for facilities supported under this allocation. The agency is presently absorbing those costs, which contributed to the need for an FY23 supplemental appropriation. The agency provided FY23 actual lease costs: Ketchikan Court/Office Building - \$13.1 Anchorage Public Safety Building - \$480.0 Juneau Dimond Courthouse - \$55.3 Juneau Community Building - \$212.7 Delta Junction Court House - \$2.0 Tok Combined Facility - \$72.1 Valdez Combined Facility - \$5.4

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Rev**

<u>Appropriation</u>	<u>[1] 24Enroll</u>	<u>[2] 24Auth</u>	<u>[3] 24MgtPln</u>	<u>[4] AdjBase</u>	<u>[5] Gov</u>	<u>[5] - [3] 24MgtPln to Gov</u>	<u>[5] - [4] AdjBase to Gov</u>		
Revenue									
Taxation and Treasury	83,591.7	83,591.7	83,591.7	84,643.8	86,598.1	3,006.4	3.6 %	1,954.3	2.3 %
Child Support Enforcement	25,624.2	25,624.2	25,624.2	26,420.5	26,592.0	967.8	3.8 %	171.5	0.6 %
Administration and Support	5,415.8	5,415.8	5,415.8	5,560.5	6,344.8	929.0	17.2 %	784.3	14.1 %
Mental Health Trust Authority	5,644.4	5,644.4	5,644.4	5,720.1	5,911.7	267.3	4.7 %	191.6	3.3 %
AK Muni Bond Bank Authority	1,386.2	1,386.2	1,386.2	1,384.9	1,385.5	-0.7	-0.1 %	0.6	
AK Housing Finance Corporation	149,753.7	255,061.0	255,061.0	109,753.7	110,053.7	-145,007.3	-56.9 %	300.0	0.3 %
AK Permanent Fund Corporation	218,737.4	221,297.4	221,297.4	221,347.1	226,358.4	5,061.0	2.3 %	5,011.3	2.3 %
Agency Total	490,153.4	598,020.7	598,020.7	454,830.6	463,244.2	-134,776.5	-22.5 %	8,413.6	1.8 %
Statewide Total	490,153.4	598,020.7	598,020.7	454,830.6	463,244.2	-134,776.5	-22.5 %	8,413.6	1.8 %
Funding Summary									
Unrestricted General (UGF)	27,715.0	28,893.9	28,893.9	29,749.6	31,494.5	2,600.6	9.0 %	1,744.9	5.9 %
Designated General (DGF)	3,596.6	2,417.7	2,417.7	2,469.7	2,456.3	38.6	1.6 %	-13.4	-0.5 %
Other State Funds (Other)	370,599.4	412,740.6	412,740.6	333,814.8	340,467.4	-72,273.2	-17.5 %	6,652.6	2.0 %
Federal Receipts (Fed)	88,242.4	153,968.5	153,968.5	88,796.5	88,826.0	-65,142.5	-42.3 %	29.5	

Department of Revenue
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Taxation and Treasury / Tax Division	Tax Revenue Management System Anticipated Contract Cost Increases	\$1,037.7 Gen Fund (UGF)	<p>The Tax Revenue Management System (TRMS) is Department of Revenue's (DOR) online taxpayer portal and tax administration system. TRMS is an off-the-shelf software that was customized to accommodate the specifics of Alaska's tax code. DOR's contract for continuing support expired on December 31, 2023, but FAST Enterprises agreed to extend the contract on the same terms through June 30, 2024. The contract allows for updates to align with any changes to state laws and regulations, in addition to maintenance of existing functions. The existing terms include a minimum of two on-site contractors.</p> <p>This increment would fund anticipated cost increases for a new contract with FAST Enterprises, the original developer. DOR is negotiating a new contract with FAST Enterprises for a ten-year period. flat-rate cost structure. The expiring contract costs \$1,650.0 annually. DOR estimates the new contract's annual cost could increase by \$1,037.7, with the annual cost remaining flat for the ten-year period.</p>
2	Various	Reallocate FY2023 Rate Adjustment and Correct Fund Sources	Net Zero	<p>The Legislature appropriated unallocated Rate Adjustments in FY23, to match changing statewide core service rates charged by the Department of Administration (DOA). This includes charges from Division of Personnel, Division of Finance, Office of Information Technology, and Shared Services of Alaska. The FY23 Rate Adjustments were centralized in the Administrative Services allocation, which doesn't align with how each allocation in DOR pays the rate, or the fund sources available.</p> <p>These adjustments would distribute a total of \$353.5 out of Administrative Services and allocate the funding based on the actual rate methodologies for assigning costs across allocations. The total changes net to a \$0.2 increase, with the following changes by funding type: \$154.8 UGF; (\$10.6) Designated General Funds; (\$147.1) Other State Funds; and \$3.1 Federal Receipts.</p>

Department of Revenue
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
3	Taxation and Treasury / Alaska Retirement Management Board	Add Previously Unbudgeted Costs for FY2023 Exempt 5% COLA for Treasury Division	Total: \$235.9 \$111.0 Group Ben (Other) \$78.3 PERS Trust (Other) \$43.0 Teach Ret (Other) \$1.5 Jud Retire (Other) \$2.1 Nat Guard (Other)	Ch. 50, SLA 2022 provided 5 percent cost-of-living adjustments to certain exempt employees. The corresponding FY23 increment added \$235.9 of Interagency receipt authority to Treasury Division's budget, allowing the Treasury Division to bill the Alaska Retirement Management Board (ARMB) for its portion of the expenses. However, ARMB was not provided with additional funding, so costs were absorbed in FY23 and FY24, which DOR states is unsustainable. This increment would add ARMB's portion of the expenses to the budget.
4	Taxation and Treasury / Permanent Fund Dividend Division	Permanent Fund Dividend Division Increases	\$222.0 PFD Fund (Other)	The Governor's FY25 proposed budget for the Permanent Fund Dividend Division includes the following increments totaling \$222.0: 1) \$90.0 for Department of Law contracting due to increased dividend fraud prosecution and application appeals adjudications through the Office of Administrative Hearings. 2) \$70.0 for postage costs due to increasing federal postage rates and increased mailings to Alaskans opting out of online multi-factor authentication. 3) \$52.7 to replace 25 percent of workstations annually on a rotating basis. This was formerly funded in the capital budget, but all remaining capital funds were expended in FY23. 4) \$10.0 for increased costs in renewing a call center contract shared with Child Support Enforcement Division (CSED). The remaining \$40.0 of the \$50.0 cost increase will be paid by CSED.
5	Administration and Support / Commissioner's Office	Add Funding for Existing Deputy Commissioner, Special Assistant, and Temporary Policy Analyst Positions	\$456.7 I/A Repts (Other)	The Commissioner's Office created three positions in FY23, though the positions were not added to the budget until FY24 Management Plan: Full-time Deputy Commissioner located in Anchorage; Full-time Special Assistant to the Commissioner 2 located in Anchorage; and Non-permanent Policy Analyst located in Anchorage, expires December 1, 2026. The increment would add Interagency receipt (I/A) authority for these positions. I/A is used to bill other divisions, which would have to absorb the increased

Department of Revenue
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	Administration and Support / Commissioner's Office	Add Funding for Existing Deputy Commissioner, Special Assistant, and Temporary Policy Analyst Positions	\$456.7 I/A Rcpts (Other)	(continued) costs. An existing Deputy Commissioner position is removed in the FY25 budget, leaving only the single Deputy Commissioner position added in FY23. The Department states the increment accounts for cost savings resulting from the position deletion. \$65.0 of the increment is for increased travel expenses.
6	Administration and Support / Administrative Services	Fund FY2024 Transfer of Four Helpdesk Positions and Additional IT Manager Position	Total: \$691.6 \$192.4 Gen Fund (UGF) \$499.2 I/A Rcpts (Other) 1 PFT Position	The FY24 enacted budget transferred four helpdesk positions from DOA, without any corresponding authority. \$499.2 of Interagency receipt authority is added, since the divisions within DOR are now paying Administrative Services instead of DOA for helpdesk support. The FY25 request adds \$192.4 UGF for a full-time Data Processing Manager 3 , located in Juneau. This position would manage the four transferred helpdesk positions and oversee IT functions across the department.
7	Alaska Mental Health Trust Authority / Long Term Care Ombudsman Office	Mental Health Trust Item not Included in Governor's Request	n/a	The Mental Health Trust's FY25 budget included a base increment of \$133.5 of General Fund / Mental Health (GF/MH) for a new long-term care ombudsman. The item was not included in the Governor's FY25 budget proposal.
8	Alaska Housing Finance Corporation / AHFC Operations	MH Trust: Add Authority for Existing Department of Corrections Discharge Incentive Grant Program	Total: \$300.0 \$200.0 GF/MH (UGF) \$100.0 MHTAAR (Other) IncOTI	AHFC's base budget includes a \$100.0 FY16 - FY25 Temporary Increment using Mental Health Trust Authority Authorized Receipts (MHTAAR). The Governor's FY25 proposal includes an additional \$300.0 in one-time funding. This will increase funding available for housing, supervision, and support services for beneficiaries transitioning out of incarceration.
9	Alaska Permanent Fund Corporation / APFC Operations	Fund 6% Salary Merit Increase and Corresponding Benefit Costs	\$920.0 PF Gross (Other)	This increment would make all APFC staff eligible for 6 percent merit increases, distributed at managers' discretion based on performance. The intention is to aid recruitment and retention. A March 2023 analysis by McLagan compared APFC to a peer group of 75% large public funds and 25% private funds. McLagan found that APFC base salaries were in line with the peer group median, but total compensation (including bonuses) fell below the peer group median. The increment includes associated benefit costs.

Department of Revenue
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
9	Alaska Permanent Fund Corporation / APFC Operations	Fund 6% Salary Merit Increase and Corresponding Benefit Costs	\$920.0 PF Gross (Other)	(continued) Fiscal Analyst Comment: APFC's FY23 budget included a \$438.4 increment to fund 3 percent merit increases for operational staff, and 4 percent for investment staff. APFC staff were also included in Ch. 50, SLA 2022, which provided 5 percent cost-of-living adjustments to exempt employees beginning in FY23. APFC's FY24 budget included a \$1,410.5 increment for merit increases and targeted pay increases for certain positions APFC finds to be paid significantly below market rates.
10	Alaska Permanent Fund Corporation / APFC Operations	Increase Incentive Compensation for Investment and Operations Staff	\$915.0 PF Gross (Other)	The amount available for incentive compensation is increased from \$2,800.0 to a total of \$3,715.0. This funding represents a maximum possible amount, as bonuses are only paid based on performance relative to benchmarks. If the calculated distribution exceeds the program's available funds, bonuses will be prorated to keep the total distribution at \$3,715.0. If the calculated distribution is less than \$3,715.0, the entire amount available will not be distributed, and the undistributed portion will remain in the Earnings Reserve Account. \$470.0 of the increment bill be used to increase the maximum possible incentive compensation for investment staff. The remaining \$445.0 will expand the program to operations staff, who currently receive no incentive compensation. Under APFC's Incentive Compensation Plan adopted in December 2022, maximum bonuses as a percentage of salary range from 5 percent to 15 percent for operations staff, and from 25 percent to 50 percent for investment staff. The maximum distribution under the Incentive Compensation Plan, based on currently eligible employees, is \$3,715.0 for investment staff and \$445.0 for operations staff.
11	Alaska Permanent Fund Corporation / APFC Operations	Facility Rent, Training and Advisory Support	\$56.1 PF Gross (Other)	APFC's FY25 budget includes the following changes to contractual services, leading to a net increase of \$56.1: 1) \$56.0 to align with FY23 actual consulting costs. 2) \$20.0 for an audit committee advisor. 3) \$17.0 for contractual cost increases for annual third-

Department of Revenue
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Alaska Permanent Fund Corporation / APFC Operations	Facility Rent, Training and Advisory Support	\$56.1 PF Gross (Other)	(continued) party audit. 4) \$3.5 for increased number of Board of Trustees meetings. 5) \$17.3 to increase training opportunities for Board of Trustees. 6) (\$150.0) reduction to reflect FY24 completion of fire suppression system replacement in the Juneau data center. 7) \$25.0 for Anchorage office technology support. 8) (\$2.0) reduction to recruitment costs due to lower anticipated vacancies. 9) \$35.0 for previously unbudgeted Anchorage office rent costs. 10) \$50.0 for Juneau office rent cost increases. 11) (\$15.8) reduction to align office support costs with FY23 actuals.
12	Alaska Permanent Fund Corporation / APFC Operations	Increased Facilities, Commodities, and Travel Costs	\$300.0 PF Gross (Other)	APFC's proposed FY25 budget includes the following increments: 1) \$100.0 for increased travel, including travel between the Juneau and Anchorage satellite offices. 2) \$50.0 for office furniture and equipment, primarily for the Anchorage office. 3) \$150.0 to relocate APFC's disaster recovery data center site from Fairbanks to Anchorage.
13	Alaska Permanent Fund Corporation / APFC Operations	APFC Board Proposals not Included in Governor's Budget	n/a	In their October 30th meeting, the Board of Trustees approved requesting two additional items not included in their initial budget. These items were not approved in time to be considered for the Governor's initial budget proposal , though they could be included in the Governor's amended budget release. 1) \$150.0 to partner with a global communications contractor. 2) \$283.0 to add an Investment Officer position to internally manage private equity direct investments.
14	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Management Fees for Alternative Investments and Reconciliation and Tax Advisory Services	\$2,800.0 PF Gross (Other)	Investment fees are estimated based on fund value projections and performance. APFC historically requests sufficient authority to ensure that it can meet its obligations to external parties in a range of market outcomes. \$2,600.0 of the request is for increased fees in alternative investments, which include private equity, special opportunities, private infrastructure, private credit, private income, and absolute return.

Department of Revenue
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
14	Alaska Permanent Fund Corporation / APFC Investment Management Fees	Management Fees for Alternative Investments and Reconciliation and Tax Advisory Services	\$2,800.0 PF Gross (Other)	(continued) APFC is expanding its alternative investment portfolio, where fees are typically based on committed capital. Anticipated fees in all other investment categories are unchanged from FY24. The remaining \$200.0 of the request is for increased reconciliation services and tax advisory services for international markets.

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Appropriation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: DOT/PF**

Appropriation	[1] 24Enroll	[2] 24Auth	[3] 24MgtPln	[4] AdjBase	[5] Gov	[5] - [3] 24MgtPln to Gov	[5] - [4] AdjBase to Gov
Transportation							
Division of Facilities Services	100,473.9	100,473.9	100,473.9	120,607.4	101,576.3	1,102.4 1.1 %	-19,031.1 -15.8 %
Administration and Support	54,847.7	54,722.7	54,722.7	60,498.3	63,806.7	9,084.0 16.6 %	3,308.4 5.5 %
Design, Engineering & Constr	124,104.4	124,104.4	124,104.4	125,188.5	125,188.5	1,084.1 0.9 %	0.0
State Equipment Fleet	36,981.3	36,981.3	36,981.3	37,224.5	37,224.5	243.2 0.7 %	0.0
Highways/Aviation & Facilities	173,501.7	173,501.7	173,501.7	151,273.0	160,268.0	-13,233.7 -7.6 %	8,995.0 5.9 %
International Airports	112,164.9	112,164.9	112,164.9	113,413.6	113,413.6	1,248.7 1.1 %	0.0
Marine Highway System (CY)	178,107.8	168,107.8	168,107.8	158,596.4	158,596.4	-9,511.4 -5.7 %	0.0
Agency Total	780,181.7	770,056.7	770,056.7	766,801.7	760,074.0	-9,982.7 -1.3 %	-6,727.7 -0.9 %
Statewide Total	780,181.7	770,056.7	770,056.7	766,801.7	760,074.0	-9,982.7 -1.3 %	-6,727.7 -0.9 %
Funding Summary							
Unrestricted General (UGF)	177,650.3	167,525.3	167,525.3	155,159.5	175,001.2	7,475.9 4.5 %	19,841.7 12.8 %
Designated General (DGF)	69,966.5	69,966.5	69,966.5	70,370.1	70,395.6	429.1 0.6 %	25.5
Other State Funds (Other)	443,999.6	443,999.6	443,999.6	452,704.3	435,936.5	-8,063.1 -1.8 %	-16,767.8 -3.7 %
Federal Receipts (Fed)	88,565.3	88,565.3	88,565.3	88,567.8	78,740.7	-9,824.6 -11.1 %	-9,827.1 -11.1 %

Department of Transportation and Public Facilities
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Division of Facilities Services / Facilities Services	Transfer All Authority From Three Region Facilities Allocations to Division of Facilities Services for Better Alignment	n/a	The Department proposes the transfer of all authority from Northern, Central, and Southcoast Region facilities allocations which were previously located in the Highways, Aviation, and Facilities appropriation into the Division of Facilities Services (DFS) appropriation. This change eliminates the facilities allocations in each region and removes the \$19.7 million in I/A authority that DFS has been using to accept payment from the three regions.
2	Division of Facilities Services / Facilities Services	Facilities Utilities Cost Increase	\$654.6 Gen Fund (UGF)	The Department reports that over the last two fiscal years utility expenditures have increased by 15 percent across the three regions. This UGF funding would be to support DOT&PF specific facilities. Other agencies increases in cost could be reflected in a higher rate charged by DOT&PF to those agencies and collected as I/A.
3	Administration and Support / Commissioner's Office	Add Capital Improvement Project Receipt Authority to Fund Positions for Leadership-led Initiatives	\$1,161.7 CIP Repts (Other) 1 TMP Position	This Capital Improvement Project receipt authority reflects Indirect Cost Allocation Plan (ICAP) funding for positions that support department-wide initiatives in the Commissioner's Office. These positions will not be charging directly to specific projects, but will rather be funded by the portion of project funding reserved for administrative overhead approved by the Federal Highway Administration (FHWA). Fiscal Analyst Comment: The FY24 Indirect Cost Rate Proposal was approved by the FHWA in June, 2023. According to the associated memo, "Most rates have decreased due to stabilized indirect costs and increased direct capital project costs. This reflects economic recovery, and inflation from pandemic-related conditions." This would strongly indicate that available ICAP funding would be decreasing rather than increasing. However, while the percentage has decreased, the Department reports that collections have increased as the volume of expenditures on projects has increased since the pandemic.
4	Design, Engineering and Construction / Various	Consolidate Southcoast and Central Region Design, Engineering and Construction by Region	n/a	The Department is proposing to combine both the Central and Southcoast regions' design, engineering services, and construction into new consolidated Design, Engineering, and Construction allocations. With the goal of streamlining budget and fiscal processes to maximize administrative and operational

Department of Transportation and Public Facilities
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Design, Engineering and Construction / Various	Consolidate Southcoast and Central Region Design, Engineering and Construction by Region	n/a	(continued) efficiencies. The Department previously consolidated Northern Region in this way in FY23.
5	Highways, Aviation and Facilities / Statewide Contracted Snow Removal	Establish New Allocation for Statewide Contracted Snow Removal to Improve Service to the Public	\$915.5 Gen Fund (UGF)	Funding is added for the creation of as needed agreements to contract sidewalk, pedestrian facility, and priority three and four (lower priority) roadway snow removal across the Department. The agency points out that the maintenance of this infrastructure is a requirement for federal funding. Failure to do so could "...jeopardize future federal surface transportation funds and require reimbursement of previously expended funds."
6	Highways, Aviation and Facilities / Various	Reverse FY2024 One-Time Fund Source Swap to Utilize Federal Relief Funding and Displace UGF	Net Zero \$9,827.1 Gen Fund (UGF) (\$9,827.1) COVID Fed (Fed)	This Fund Change reverses the one-time fund source swap of UGF to federal relief funding (ARPA & CRRSAA) which was used for purposes directly related to airports. Such purposes included the reimbursement of an airport's operational and maintenance expenses. FY24 was the last year of this one-time federal funding. It was used to reduce UGF expenditures by \$6,922.0 in FY24, \$14,668.0 in FY23, and \$11,507.9 in FY22. The decrease of \$9,827.1 in federal funding from FY24 is reflected in the following allocations: Central Highways and Aviation: \$2,978.3 Northern Highways and Aviation: \$3,944.3 Southcoast Highways and Aviation: \$2,904.5 A fund swap back to state funding is necessary in order to maintain current levels of service now that the one-time federal funding has run out.
7	Highways, Aviation and Facilities / Various	Rising Commodities Costs for Maintenance and Operations Activities	\$4,578.0 Gen Fund (UGF)	Additional funding is requested to meet commodities cost increases. The highway construction costs index has increased by 42.3 percent over the past two years. The components of this index align closely with elements of highway maintenance and operations. The Department has not provided a detailed explanation of how the amounts of these proposed increases were determined, or if an FY24 supplemental appropriation will be necessary. They have however indicated that they have reduced service levels as a result of

Department of Transportation and Public Facilities
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Highways, Aviation and Facilities / Various	Rising Commodities Costs for Maintenance and Operations Activities	\$4,578.0 Gen Fund (UGF)	<p>(continued) commodities cost increases.</p> <p>Funding is added in the following allocations: Central Highways and Aviation: \$1,721.4 Northern Highways and Aviation: \$1,806.6 Southcoast Highways and Aviation: \$1,050.0</p> <p>Fiscal Analyst Comment: The Department received \$1.3 million in one-time commodities cost increases divided across the three regions in FY24.</p>
8	Highways, Aviation and Facilities / Various	Airport Lighting Repairs	\$626.5 Gen Fund (UGF)	<p>The Department reports that additional funding would be used for a routine inspection program and to provide immediate response to any identified issues by facilitating timely airport lighting repairs, spare equipment on-site, and replacements for worn navigational aids. Additionally the funding would support rural airport maintenance contracts.</p> <p>Funding is added in the following allocations: Central Highways and Aviation: \$50.5 Northern Highways and Aviation: \$525.0 Southcoast Highways and Aviation: \$51.0</p>
9	Highways, Aviation and Facilities / Southcoast Region Highways and Aviation	Fund Source Change to Maintain Sitka Airport Operations After Emergency Divert Airport Designation Subsidy Expires	<p>Net Zero</p> <p>\$350.0 Gen Fund (UGF) (\$350.0) IntAirport (Other)</p>	<p>The Sitka Airport has been designated an "emergency divert" airport and has been available to handle any aircraft that needed to emergency divert to a closer airport. Due to changes in aircraft, the airlines that operate with agreements with the Alaska International Airport System no longer need Sitka as their emergency divert location. Beginning in FY24, they stopped providing a subsidy for Sitka Airport operations through International Airport receipts. The FY24 budget switched half of the \$700.0 International Airport receipts to UGF, and this would change the remaining amount in FY25.</p> <p>Despite eliminating the divert operations, funding is still needed to maintain service levels based on current airline schedules and the type of aircraft landings that require Aircraft Rescue and Fire Fighting services.</p>

Department of Transportation and Public Facilities
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
10	Highways, Aviation and Facilities / Whittier Access and Tunnel	Increase State UGF Share of Billed Contract Work for Tunnel Maintenance Contract Due to Reduced Federal Participation	\$2,875.0 Gen Fund (UGF)	In FY23, the Federal Highway Administration conducted a comprehensive review of the Anton Anderson Memorial Tunnel maintenance project contract, and determined that federal participation would only cover 51 percent of the monthly billed contract work. It has previously covered 100 percent. This leaves 49 percent of costs, estimated at approximately \$239.5 per month, that need to be covered by another state funding source. The full cost has been previously covered by the federal government directly and was not reflected as federal receipt authority in the State's budget.
11	Marine Highway System (Calendar Year) / Various	Maintain Current level of Marine Highway Budget Authority	Total: \$158,596.4 \$20,754.3 DGF \$912.6 Other \$76,050.4 Federal \$60,879.1 Gen Fund (UGF)	<p>The Governor's budget maintains the current level of authority for the Alaska Marine Highway System (AMHS). Legislative Finance estimates that as currently constructed, it could include around \$38 million in uncollectable federal authority, so the budget would overstate the level of financial resources being provided to the system.</p> <p>Over the last several years, the AMHS budget has grown in complexity due to year-by-year variation in federal funding awards, vessel operability, and available staffing. These constraints have led to a disconnect between budgeted figures and the actual operation of the vessels.</p> <p>In FY22, the AMHS operating budget shifted from running on the State fiscal year to running on the calendar year (CY) (January 1- December 31), with the objective of allowing for better system planning, service, and full-year advanced schedule releases.</p> <p>Starting In CY23, federal receipts for AMHS operations have been available through the Infrastructure Investment and Jobs Act (IIJA). The act provides up to \$196 million per year over five years in competitive grants that can be used for operating as well as capital needs.</p> <p>The table on the last page of this summary section shows the flow of budgeted authority and actual revenue across the last three years. This emphasizes the complex interplay between the State's budget and</p>

Department of Transportation and Public Facilities
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
11	Marine Highway System (Calendar Year) / Various	Maintain Current level of Marine Highway Budget Authority	Total: \$158,596.4 \$20,754.3 DGF \$912.6 Other \$76,050.4 Federal \$60,879.1 Gen Fund (UGF)	(continued) the unpredictability of the federal grant revenue that AMHS receives. In CY23 and CY24 the legislature added UGF backfill language that would make up some of the federal funding shortfall. The Governor does not include this language in his CY25 proposal. Fiscal Analyst Comment: Predicting the amount of federal operating grant assistance is challenging. Alaska was the only state that met eligibility requirements for the program in CY23. However, the Secretary of Transportation is granted flexibility to waive eligibility requirements. Because of this, there is no guarantee how much Alaska will receive of the full amount of available grants in any given year. In CY24, the Secretary granted American Samoa \$21.3 million in capital funding that otherwise would have been available to Alaska. Over the last two years the AMHS budget has had tens of millions of dollars in excess federal authority. There is no indication that the Governor's proposed CY25 budget will be more closely aligned. Given AMHS' history of vessel failures and staffing issues there is a high likelihood of it not fully expending the maximum authority granted to the system. It is budgeted to run seven vessels in full service, which is something that it has not been able to do. This led to an estimated 10 percent budget surplus in CY23. While this extra federal authority does allow the Department to expend federal funding that was awarded previously and is eligible to be expended in different fiscal years, it greatly overstates the level of financial support provided to the system.

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

AMHS Budget Projections				
CY2023				
	CY23 Budget	CY23 Revenue	CY23 Expenditures (estimated)	Carry-Forward (estimated)
UGF	\$ 60,150.6	\$ 60,150.6	\$ 60,150.6	\$ -
DGF	\$ 18,416.3	\$ 18,416.3	\$ 18,416.3	\$ -
Budgeted Fed	\$ 64,823.8			
Fed Grant		\$ 44,800.0	\$ 30,800.0	\$ 14,000.0
UGF Backstop	\$ -	\$ 20,000.0	\$ 20,000.0	\$ -
Total	\$ 143,390.7	\$ 143,366.9	\$ 129,366.9	\$ 14,000.0
CY2024				
	CY24 Budget	CY24 Revenue		
UGF	\$ 60,417.5	\$ 60,417.5		
DGF	\$ 20,754.3	\$ 20,754.3		
Budgeted Fed	\$ 76,050.4			
Fed Grant		\$ 38,100.0		
Fed Carryforward from CY23		\$ 14,000.0	Projected CY24 Budget Gap	
UGF Backstop	\$ -	\$ 10,000.0		
Total	\$ 157,222.2	\$ 143,271.8	\$ (13,950.4)	
CY2025				
	CY25 Gov	CY25 Revenue		
UGF	\$ 60,417.5	\$ 60,417.5		
DGF	\$ 20,754.3	\$ 20,754.3		
Budgeted Fed	\$ 76,050.4			
Estimated Fed Grant		\$ 38,100.0		
Fed Carryforward from CY24		\$ -	Projected CY25 Budget Gap	
UGF Backstop	\$ -	\$ -		
Total	\$ 157,222.2	\$ 119,271.8	\$ (37,950.4)	

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Allocation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Univ**

Allocation	[1] 24Enr011	[2] 24Auth	[3] 24MgtP1n	[4] AdjBase	[5] Gov	[5] - [3] 24MgtP1n to Gov	[5] - [4] AdjBase to Gov		
University of Alaska									
University of Alaska									
Systemwide Reduction/Additions	1,372.2	97.2	1.0	17,517.0	30,263.0	30,262.0	>999 %	12,746.0	72.8 %
Systemwide Services	33,883.8	33,883.8	33,511.9	32,432.6	32,432.6	-1,079.3	-3.2 %	0.0	
Office of Information Technology	18,530.4	18,530.4	18,530.3	18,530.3	18,530.3	0.0		0.0	
Anchorage Campus	252,571.1	254,149.7	253,919.9	250,613.3	250,733.3	-3,186.6	-1.3 %	120.0	
Small Business Development Ctr	3,684.6	3,684.6	3,684.6	3,684.6	3,684.6	0.0		0.0	
Kenai Peninsula College	16,831.0	16,831.0	16,968.5	16,588.9	16,588.9	-379.6	-2.2 %	0.0	
Kodiak College	5,712.1	5,712.1	5,914.0	5,687.1	5,687.1	-226.9	-3.8 %	0.0	
Matanuska-Susitna College	13,819.8	13,819.8	13,751.8	13,577.1	13,577.1	-174.7	-1.3 %	0.0	
Prince William Sound College	6,491.1	6,491.1	6,492.4	6,409.2	6,409.2	-83.2	-1.3 %	0.0	
Fairbanks Campus	429,321.1	449,060.2	449,481.1	429,043.5	429,243.5	-20,237.6	-4.5 %	200.0	
Bristol Bay Campus	3,997.6	3,997.6	4,009.0	3,909.0	3,909.0	-100.0	-2.5 %	0.0	
Chukchi Campus	2,214.1	2,214.1	2,214.1	2,214.1	2,214.1	0.0		0.0	
College of Rural and Comm Dev	8,664.8	8,664.8	8,664.8	8,664.8	8,664.8	0.0		0.0	
Interior Alaska Campus	4,802.6	4,802.6	4,802.6	4,708.1	4,708.1	-94.5	-2.0 %	0.0	
Kuskokwim Campus	5,723.8	5,723.8	5,723.8	5,723.8	5,723.8	0.0		0.0	
Northwest Campus	4,780.3	4,780.3	4,799.8	4,705.3	4,705.3	-94.5	-2.0 %	0.0	
UAF Community and Tech College	12,865.9	12,865.9	12,660.3	12,025.9	12,025.9	-634.4	-5.0 %	0.0	
Education Trust of Alaska	5,669.9	5,669.9	5,669.9	5,669.9	5,669.9	0.0		0.0	
Juneau Campus	42,333.1	42,822.3	42,674.3	41,990.8	41,990.8	-683.5	-1.6 %	0.0	
Ketchikan Campus	5,302.7	5,302.7	5,608.6	5,040.5	5,040.5	-568.1	-10.1 %	0.0	
Sitka Campus	7,475.8	9,092.9	9,114.1	7,289.5	7,289.5	-1,824.6	-20.0 %	0.0	
Appropriation Total	886,047.8	908,196.8	908,196.8	896,025.3	909,091.3	894.5	0.1 %	13,066.0	1.5 %
Agency Total	886,047.8	908,196.8	908,196.8	896,025.3	909,091.3	894.5	0.1 %	13,066.0	1.5 %
Statewide Total	886,047.8	908,196.8	908,196.8	896,025.3	909,091.3	894.5	0.1 %	13,066.0	1.5 %
Funding Summary									
Unrestricted General (UGF)	309,686.0	331,835.0	331,835.0	314,541.6	319,122.7	-12,712.3	-3.8 %	4,581.1	1.5 %
Designated General (DGF)	312,525.4	312,525.4	312,525.4	315,130.5	323,545.4	11,020.0	3.5 %	8,414.9	2.7 %
Other State Funds (Other)	75,510.5	75,510.5	75,510.5	75,510.5	75,580.5	70.0	0.1 %	70.0	0.1 %
Federal Receipts (Fed)	188,325.9	188,325.9	188,325.9	190,842.7	190,842.7	2,516.8	1.3 %	0.0	

University of Alaska
FY2025 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	University of Alaska / Budget Reductions/ Additions - Systemwide	Faculty and Staff Compensation Increases	Total: \$17,516.0 \$2,516.8 Fed Rcpts (Fed) \$6,130.6 Gen Fund (UGF) \$8,868.6 Univ Rcpt (DGF)	<p>This requested salary adjustment includes funding for a 2.5 percent wage increase for employee groups as required by collective bargaining agreements and for non-union staff. Additionally, the University of Alaska's (UA) medical (including dental and vision) plan is expecting an increase in premium costs. This request includes \$4.0 million (\$3.4 million in state funds) to help offset the medical cost increases. The University Board of Regents (BOR) approved this salary adjustment using \$14.7 million UGF and \$2.8 million in other funds. The Governor's requests switches \$8.6 million of UGF to UA receipt authority.</p> <p>Fiscal Analyst Comment: Denying any of the monetary terms of collective bargaining agreements voids those agreements. The Governor proposes funding the monetary terms with a different fund source. This does not void the agreements.</p>
2	University of Alaska / Budget Reductions/ Additions - Systemwide	Property Insurance, Cyber Security, Maintenance and Other Fixed Cost Increases	Total: \$12,946.0 \$4,531.1 Gen Fund (UGF) \$8,414.9 Univ Rcpt (DGF)	<p>The University anticipates additional costs in the following areas:</p> <p>Property insurance premiums: \$2,600.0; Cyber security and information technology: \$1,655.0; Facility operations and maintenance for the new Aak'w Ta Hit facility at UAS: \$306.0; Facilities maintenance: \$4,000.0; and Utilities and contractual services: \$4,385.0.</p> <p>Fiscal Analyst Comment: The BOR approved \$8.5 million in UGF and \$4.4 million in UA receipts to fund these needs. The Governor's request inverts those ratios with no indication of how UA will collect that funding.</p> <p>Adding University Receipt authority does not necessarily mean that additional financial resources are available to UA. There is a finite amount of tuition and other revenue generated by UA. This additional authority would only give UA the ability to expend such revenue if it materializes. The University has over \$17.0 million in UA Receipt authority being added in the Governor's request when including Salary Adjustments. UA has seen a reduction in student enrollment (-2.5 percent between 2021 and 2022) and</p>

University of Alaska
FY2025 - Summary of Significant Budget Issues
 (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
2	University of Alaska / Budget Reductions/ Additions - Systemwide	Property Insurance, Cyber Security, Maintenance and Other Fixed Cost Increases	Total: \$12,946.0 \$4,531.1 Gen Fund (UGF) \$8,414.9 Univ Rcpt (DGF)	(continued) tuition and fees have remained relatively flat. The University lapsed around \$10.0 million in excess UA Receipt authority in FY23. UA currently budgets \$27.6 million of operations funding in FY24 for facilities maintenance. The BOR has a goal of raising that funding to \$60.0 million annually. UA had an estimated \$1.5 billion deferred maintenance (DM) backlog in FY24. This is more than twice the total DM backlog for all other State agencies combined.
3	University of Alaska / Budget Reductions/ Additions - Systemwide	Reduce Alaska Tuition Assistance for Alaska National Guard and Naval Militia Members	(\$200.0) Gen Fund (UGF)	Members of the Alaska Air Guard, Army Guard, and Naval Militia are eligible for State tuition assistance. This support applies to educational opportunities at UA and extends to various trade programs within the state of Alaska. The UA budget currently has \$408.0 UGF budgeted for this purpose, this reduction will bring the remaining funding to \$208.0 UGF in FY25. Fiscal Analyst Comment: The Governor has a related increment of \$200.0 in the Department of Military and Veterans' Affairs budget, which will allow a broader range of educational and training options beyond UA courses.
4	University of Alaska / Fairbanks Campus	Alaska Center for Energy and Power Grant to Facilitate Ongoing Working Groups	\$200.0 Gen Fund (UGF) IncOTI	This proposed grant would be for the Alaska Center for Energy and Power to "...actively facilitate, manage, and participate in ongoing working groups, including the Energy Education Working Group, the Carbon Capture, Utilization, and Storage working group, and the Hydrogen Working Group."

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Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Allocation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Judiciary**

Allocation	[1] 24Enroll	[2] 24Auth	[3] 24MgtP1n	[4] AdjBase	[5] Gov	[5] - [3] 24MgtP1n to Gov	[5] - [4] AdjBase to Gov
Judiciary							
Alaska Court System							
Appellate Courts	9,096.7	9,096.7	9,096.7	9,154.0	9,192.2	95.5 1.0 %	38.2 0.4 %
Trial Courts	108,919.1	108,919.1	108,919.1	109,922.4	112,471.0	3,551.9 3.3 %	2,548.6 2.3 %
Administration and Support	12,802.9	12,802.9	12,802.9	13,028.5	13,178.5	375.6 2.9 %	150.0 1.2 %
Appropriation Total	130,818.7	130,818.7	130,818.7	132,104.9	134,841.7	4,023.0 3.1 %	2,736.8 2.1 %
Therapeutic Courts							
Therapeutic Courts	7,821.9	7,821.9	7,821.9	7,746.0	8,564.4	742.5 9.5 %	818.4 10.6 %
Appropriation Total	7,821.9	7,821.9	7,821.9	7,746.0	8,564.4	742.5 9.5 %	818.4 10.6 %
Commission on Judicial Conduct							
Commission on Judicial Conduct	493.9	493.9	493.9	501.6	516.1	22.2 4.5 %	14.5 2.9 %
Appropriation Total	493.9	493.9	493.9	501.6	516.1	22.2 4.5 %	14.5 2.9 %
Judicial Council							
Judicial Council	1,528.6	1,528.6	1,528.6	1,549.1	1,549.1	20.5 1.3 %	0.0
Appropriation Total	1,528.6	1,528.6	1,528.6	1,549.1	1,549.1	20.5 1.3 %	0.0
Agency Total	140,663.1	140,663.1	140,663.1	141,901.6	145,471.3	4,808.2 3.4 %	3,569.7 2.5 %
Statewide Total	140,663.1	140,663.1	140,663.1	141,901.6	145,471.3	4,808.2 3.4 %	3,569.7 2.5 %
Funding Summary							
Unrestricted General (UGF)	136,333.7	136,333.7	136,333.7	137,698.3	140,618.0	4,284.3 3.1 %	2,919.7 2.1 %
Designated General (DGF)	518.0	518.0	518.0	518.0	518.0	0.0	0.0
Other State Funds (Other)	2,531.1	2,531.1	2,531.1	2,405.0	2,530.0	-1.1	125.0 5.2 %
Federal Receipts (Fed)	1,280.3	1,280.3	1,280.3	1,280.3	1,805.3	525.0 41.0 %	525.0 41.0 %

Judiciary

FY2025 - Summary of Significant Budget Issues (\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Court System / Appellate Courts	Appellate Court Travel	\$38.2 Gen Fund (UGF)	This increment would pay for additional costs related to travel to Anchorage for judges and staff based outside of Anchorage. Travel occurs for oral arguments, case conferences, training, and annual orientation of law clerks. The FY24 Appellate Court travel budget is \$95.5, while FY23 Actuals for travel were \$140.8. This increment would make the FY25 travel budget \$133.7, which is more in line with recent actuals. Cost drivers for the increase are stated as the addition of one new out-of-Anchorage judge, improved staffing and rising airfare costs.
2	Alaska Court System / Trial Courts	Facilities Operating and Maintenance Cost Increases	\$448.0 Gen Fund (UGF)	The Court System's FY24 facilities budget totals approximately \$10 million and included an increase of \$750.8 broken down as such: \$143.5 for leases; \$166.8 for utilities, \$88.0 for janitorial/ snowplowing/ window washing, \$167.4 for software maintenance/ subscriptions and \$187.1 for Division of Facilities Services (DFS) service level agreements. The FY25 budget includes increases of \$98.0 for inflation adjustments to leases, \$100.0 for additional utilities/ service contracts/ maintenance and an estimated \$250.0 for a DFS Service Level Agreement increase. Discussion of the increase for software maintenance and subscriptions is provided in Item 3 .
3	Alaska Court System / Trial Courts	Software Maintenance and Subscriptions	\$957.1 Gen Fund (UGF)	The Court System has thirty-five positions for information technology services including programmers, database administrators, network specialists and help desk technicians. The FY25 budget for these positions is \$5,645.5. In addition, approximately \$3.9 million is budgeted in FY24 for software licensing/ subscriptions/ hosting and software maintenance. With this increment that total increases to nearly \$5 million. A large portion (\$575.0) of the \$957.1 increment is attributable to the court system's VMware virtual servers.
4	Alaska Court System / Trial Courts	Court Visitor Program to Recent Actuals/ Projections	\$127.4 Gen Fund (UGF)	Court Visitors are investigators in guardianship and conservatorship cases who provide information to the judicial officer about the protected person's status regarding medical treatment, housing, education, and finances. In 2022, HB 155 (Ch. 21, SLA 2022) transferred responsibility of the Court Visitor Program from the

Judiciary

**FY2025 - Summary of Significant Budget Issues
(\$ thousands)**

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Alaska Court System / Trial Courts	Court Visitor Program to Recent Actuals/ Projections	\$127.4 Gen Fund (UGF)	(continued) Office of Public Advocacy to the Alaska Court System. With the transfer came a new position (to oversee the training, supervision, and scheduling of Court Visitors) and \$854.4 to pay the contracted Court Visitors. In FY23, actual expenditures for Court Visitors totaled \$954.9. This increment would fill the difference between the recent actuals and projections leading into FY25.
5	Alaska Court System / Trial Courts	Increased Pay for Contract Mediators, Court Visitors, and Interpreters for Recruitment and Retention	\$346.5 Gen Fund (UGF)	In FY24, the Court System obtained funding to raise the hourly rate for court-appointed attorneys from \$75 to \$130. To attract and retain other high demand court professionals, an hourly rate increase is added as follows: - \$60.4 to increase mediator pay from \$75/hr to \$100/hr - \$238.5 to increase Court Visitor pay from \$40-\$55/hr to \$50-\$70/hr In addition, demand for interpreter services has increased and an increment of \$47.6 is proposed. FY23 costs were \$123.4 and actuals through November of FY24 are \$79.2, which projects to over \$300.0 by year end.
6	Alaska Court System / Trial Courts	Increased Pay for Contract Court Security Screeners for Recruitment and Retention	\$252.6 Gen Fund (UGF)	The Court System has a total of 23 full-time security positions statewide providing security screening at the various court houses. The FY24 budget for this service is \$1,380.2 based on \$20/hr. The Municipality of Anchorage (MOA) is currently paying their security screeners \$22/hr which are provided by the same contractor. Two of the court systems guards have subsequently moved to work for the MOA. To remain competitive and retain these positions, an increase to \$22/hr requires an additional \$252.6.
7	Alaska Court System / Trial Courts	New Positions for Monitoring Guardianship Appointments - Education and Supportive Help for Guardians	\$417.0 Gen Fund (UGF) 3 PFT Positions	The total of open guardianship and conservatorship cases has been steadily growing and is expected to continue to grow as baby boomers age. Family members or friends are appointed as guardians in 71% of cases. In 2021, a federal grant initiated a pilot project to improve the handling of guardianship cases by

Judiciary

FY2025 - Summary of Significant Budget Issues

(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
7	Alaska Court System / Trial Courts	New Positions for Monitoring Guardianship Appointments - Education and Supportive Help for Guardians	\$417.0 Gen Fund (UGF) 3 PFT Positions	(continued) providing positions to monitor compliance and provide self-help support for guardians (most of which are these non-professional friends and family). This budget request would add three additional positions to expand the pilot statewide, combining monitoring and educational support into one position per location.
8	Therapeutic Courts / Therapeutic Courts	Treatment Counseling Services/ Supervision and Urinalysis Testing Cost Increases	\$265.6 GF/MH (UGF)	The FY24 budget for Therapeutic Courts treatment services is \$1,218.3. The Court System projects that the demand for these services and the costs to provide them will increase in FY25 by \$243.7 (20% increase) and additional funding has been included as a result. Likewise for urinalysis (UA) testing, the FY24 budget includes \$168.8 for UA supervision and testing supplies. Both of these costs are expected to increase in FY25, with an additional \$21.9 (13%) included in the budget request.
9	Therapeutic Courts / Therapeutic Courts	Juneau Mental Health Court - Budget Omission Requested by both the MH Trust and Judiciary	\$126.1 GF/MH (UGF)	This item is included to highlight the omission of \$126.1 GF/MH from the Governor's budget that was included in the Mental Health Trust recommended budget and the budget request of the Judiciary. The funding would pay for 50 percent of the costs of the project coordinator and probation officer located in Juneau. The Judicial Officer and administration for the program is already included in the Therapeutic Courts budget.

Legislative Fiscal Analyst's Overview of the Governor's FY2025 Request

**2024 Legislature - Operating Budget
Allocation Summary - FY25 Governor Structure**

**Numbers and Language
Agencies: Legis**

Allocation	[1] 24Enr011	[2] 24Auth	[3] 24MgtP1n	[4] AdjBase	[5] Gov	[5] - [3] 24MgtP1n to Gov	[5] - [4] AdjBase to Gov		
Legislature									
Budget and Audit Committee									
Legislative Audit	7,452.8	7,452.8	7,376.6	7,336.0	7,336.0	-40.6	-0.6 %	0.0	
Legislative Finance	8,533.8	8,533.8	8,602.2	8,754.7	8,754.7	152.5	1.8 %	0.0	
LB&A Committee Expenses	1,985.9	1,985.9	1,993.7	2,004.0	2,004.0	10.3	0.5 %	0.0	
Appropriation Total	17,972.5	17,972.5	17,972.5	18,094.7	18,094.7	122.2	0.7 %	0.0	
Legislative Council									
Administrative Services	11,558.6	11,558.6	11,558.6	11,768.7	11,768.7	210.1	1.8 %	0.0	
Council and Subcommittees	728.1	1,385.9	1,385.9	732.4	732.4	-653.5	-47.2 %	0.0	
Legal and Research Services	5,873.9	5,873.9	5,873.9	5,983.3	5,983.3	109.4	1.9 %	0.0	
Select Committee on Ethics	291.4	291.4	291.4	296.9	296.9	5.5	1.9 %	0.0	
Office of Victims Rights	1,192.5	1,299.5	1,299.5	1,323.1	1,323.1	23.6	1.8 %	0.0	
Ombudsman	1,654.8	1,654.8	1,654.8	1,683.9	1,683.9	29.1	1.8 %	0.0	
LEG State Facilities Rent	1,539.7	1,539.7	1,539.7	1,539.7	1,539.7	0.0		0.0	
Integrated Technology Services	4,764.0	4,764.0	4,764.0	4,832.8	4,832.8	68.8	1.4 %	0.0	
Security Services	1,221.4	1,121.4	1,121.4	1,144.8	1,244.8	123.4	11.0 %	100.0	8.7 %
Appropriation Total	28,824.4	29,489.2	29,489.2	29,305.6	29,405.6	-83.6	-0.3 %	100.0	0.3 %
Legislative Operating Budget									
Legislators' Allowances	1,170.2	1,170.2	1,170.2	1,170.2	1,170.2	0.0		0.0	
House Legislators' Salaries	5,397.3	5,397.3	5,397.3	5,508.3	5,508.3	111.0	2.1 %	0.0	
Senate Legislators' Salaries	2,698.7	2,698.7	2,698.7	2,754.2	2,754.2	55.5	2.1 %	0.0	
Legislative Operating Budget	11,705.1	11,705.1	11,705.1	11,937.2	11,937.2	232.1	2.0 %	0.0	
Session Expenses	13,914.3	13,333.3	13,333.3	13,545.9	13,545.9	212.6	1.6 %	0.0	
Appropriation Total	34,885.6	34,304.6	34,304.6	34,915.8	34,915.8	611.2	1.8 %	0.0	
Agency Total	81,682.5	81,766.3	81,766.3	82,316.1	82,416.1	649.8	0.8 %	100.0	0.1 %
Statewide Total	81,682.5	81,766.3	81,766.3	82,316.1	82,416.1	649.8	0.8 %	100.0	0.1 %
Funding Summary									
Unrestricted General (UGF)	80,234.1	80,317.9	80,317.9	80,867.7	81,674.7	1,356.8	1.7 %	807.0	1.0 %
Designated General (DGF)	402.3	402.3	402.3	402.3	402.3	0.0		0.0	
Other State Funds (Other)	1,046.1	1,046.1	1,046.1	1,046.1	339.1	-707.0	-67.6 %	-707.0	-67.6 %

Legislature

FY2025 - Summary of Significant Budget Issues

(\$ thousands)

Narrative report for significant items in the Governor's FY25 operating budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Legislative Council / Office of Victims Rights	Replace Restorative Justice Account Authority with General Funds	<p>Net Zero</p> <p>\$707.0 Gen Fund (UGF) (\$707.0) Rest Just (Other)</p>	<p>The amount of Restorative Justice Account funding available for appropriation each year is set in a statutory calculation under AS 43.23.048 to determine the sum of Permanent Fund Dividends forfeited by Alaskans with certain criminal convictions. In FY24, the amount was based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year, and in FY25 it is based on 7,556 ineligible Alaskans and a \$1,312 dividend for the qualifying 2022 calendar year.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order, with the statutory ranges referenced in parentheses:</p> <p>10% - Crime Victims Comp. Fund (10-13%) 3% - Legislature - Office of Victims' Rights (2-6%) 4% - Public Safety - Nonprofit Services for Crime Victims (1-3%) 4% - Health - Nonprofit Mental Health and Substance Abuse Treatment for Offenders (1-3%) 79% - Corrections - Costs Related to Incarceration or Probation (79-88%)</p> <p>In FY24, the Office of Victims' Rights (OVR) received 4% of the funding available, but the Governor's FY25 budget reduces its share to 3%. The amount allocated to OVR typically substitutes for general funds rather than supplementing them, so this fund change retains the same funding level.</p>
2	Legislative Council / Security Services	Existing Contracted Security Services at the Anchorage Legislative Office Building	\$100.0 Gen Fund (UGF)	<p>In FY24, the legislature added \$100.0 UGF for security services in the Anchorage Legislative Office Building, consistent with a December 19, 2022 Legislative Council action. The Governor vetoed this funding, citing the need to "preserve general funds for savings and fiscal stability." The legislature requested the funding again in FY25, and the Governor included the increment in his budget proposal.</p>

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