

COMMONWEALTH NORTH

The State's Operating Budget:

Critical Crossroads, Choices,
and Opportunities

A Commonwealth North Study Report

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February 2015

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The State’s Operating Budget: Critical Crossroads, Choices, and Opportunities

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- *Examine the cost to deliver current results—what’s the “return on investment” in terms of cost compared to results/effectiveness;*
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Recommendation: The Legislature undertakes an in-depth review of performance frameworks and measures during the interim.

Recommendation: The Legislature integrate use of program performance measures into its budget review to ensure public dollars are spent on effective services; and

Recommendation: The Legislature engage citizens in this review process, which will provide legislators and the Administration with differing perspectives and advance citizen understanding of state services.

Recommendation: The Governor appoint a citizen-led commission to conduct a management review of state operations that engages the departments and citizens to identify savings and opportunities to improve service delivery.

Recommendation: Put in place an approval process, such as that used by Congress in the Base Realignment and Closure (BRAC) decision-making, to increase the likelihood that comprehensive reforms will be enacted.

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- *Returning to the Constitution’s 120 day session limit;*

- *Increasing the number of interim meetings for Finance Committee/subcommittee work;*
 - *Convening special session(s) devoted to budget issues; and/or*
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State of Alaska Operating Budget: Critical Crossroads, Choices, and Opportunities

February 2015

Introduction

With Commonwealth North's (CWN) long commitment to a sound state fiscal policy and the state faced with a daunting gap between revenue and spending, CWN's Fiscal Policy Study Group was charged with an examination of the state's operating budget to identify recommendations to help reduce state spending. We hope that in this report, Alaska's Governor and Legislature find new and different approaches that serve to strengthen resolve and help craft a new direction for the state in the years ahead.

Commonwealth North has been contributing to Alaska's fiscal policy dialogue since 1980, with reports addressing sustainable budgets, the Permanent Fund, additional revenue generation, and ways to better manage state spending. Over this period of time, Alaska has seen decline and growth, boom, bust, and change, with crises seemingly affecting the state every decade. Along the way, the scale of the challenge has only increased—the state's dependence on volatile oil prices and decreasing production on the one hand, and the demand for public services and critical infrastructure development on the other, coupled, leave Alaska's future prosperity uncertain.

Between 2004 and 2014 the state's operating budget has increased 105%.¹ In 2013 Commonwealth North (CWN) released a study titled "Long Term Economic Sustainability for the State of Alaska" in which we noted that the *"current level of spending is unsustainable and it's imperative that the state implement a long-term fiscal plan, which will require spending restraints."*² Since 2014, events have made this recommendation much more important, as the state faces a dramatic drop in state revenue coupled with an unsustainable level of operating budget spending.

Over the years, CWN studies³ have focused primarily on the revenue side of the state's ledger, working to find innovative solutions to generate increased revenue needed to provide essential services. We have learned along the way that it is not enough to just address revenue; instead, a thoughtful approach to rightsizing government is necessary. It's an uncomfortable conversation for many, but critical if Alaska is to ensure choices and opportunity today and into the future.

¹ Based on general fund spending of \$2.1 billion in FY 2004 to \$4.4 billion in FY 2014 (inflation increased 30% and population increased 11% during the ten years). See Appendix A for department breakdown and a brief discussion of the challenge of "apple to apple" spending comparisons over time.

² The current fiscal challenge is depicted in Appendix B "Unrestricted General Fund Revenues and Budget History" chart (Legislative Finance Division)

³ See Appendix B for a list of CWN fiscal policy studies (reports available at www.commonwealthnorth.org).

We highlight “resolve” because the challenge is not as simple as manipulating spending scenarios on a spreadsheet. Resolve is necessary because state spending is directly tied to the people’s interest. It is rare that legislators hear advocacy against spending on a program or project. Yet pro-spending advocates are quite formidable. In the same manner, there few are calling for Alaskans to contribute to government revenue. Fingers point quickly elsewhere.

Commonwealth North understands this challenge—citizens are disconnected from the spending at the state level. Individual Alaskans don’t have “skin in the game.” If spending goes up, Alaskans don’t pay more in taxes; if spending is reduced, citizens don’t see the benefit. Compounding this challenge are general attitudes toward policymakers; legislators are highly regarded for the projects they fund in their districts and they also get the blame when services are diminished or eliminated. This results in a budget process Alaskans don’t perceive as relevant to their lives and a system that rewards elected officials for decisions that increase spending.

It is difficult in this context to make hard decisions, or to even begin to reconcile clashing interests. Indeed, the effort to do so results in a new critical crossroad for Alaska. Meeting these challenges will require leaders who can negotiate and compromise when necessary, and sacrifice in the short term for long-term prosperity. This crossroad will require difficult decision-making.

The Fiscal Policy Study Group began meeting in August 2014.⁴ At that time the State of Alaska had just begun a new fiscal year with a budget that required an average price of \$105 per barrel of oil to fund it. Five months later the price of oil had plummeted and state revenue is estimated to be just half of what was expected when the Legislature adjourned in April 2014.

Alaska is teetering on what has been described as the state’s “fiscal cliff.” In most recent years, state revenue has been plentiful due to the high price of oil in spite of declining oil production. The last decade has seen a drop in oil production from 932,000 barrels per day in 2005 to 547,000 barrels in 2014. High oil prices masked the impact on the state treasury of declining oil production.

This Report—and corresponding recommendations—from the Study Group:

- Examines the major cost drivers of operating budget spending;
- Reviews all revenue in order to identify funding available for highest priority services;
- Scrutinizes program outcomes, and identifies inefficiencies and ineffectiveness;
- Suggests changes to budget processes and practices, including program elimination; and
- Engages Alaskans in meeting these challenges.

Commonwealth North recognizes that there are many approaches that can be used to reduce spending, including department consolidations, centralization of administrative-type services, and so on, which are not addressed in this Report. Also not found in this Report are recommendations for addressing revenue generation, nor ways to strengthen Alaska’s economy. These are for another day, though Commonwealth North recognizes the value of

⁴ Appendix D is a list of study group participants and speakers.

both. Commonwealth North's Board of Directors believes that this crucial first step—rightsizing state spending—is a fundamental starting point for sustainable spending in the future, which will only be strengthened by stable and diverse revenue sources.

We commend the Governor for soliciting cost-saving ideas from Alaskans, and commend both the Administration and Legislature for rolling up their sleeves. Given the urgency of making critical decisions, we ask that the Governor and Legislature make the needed and recommended changes discussed in this Report over the next two years.

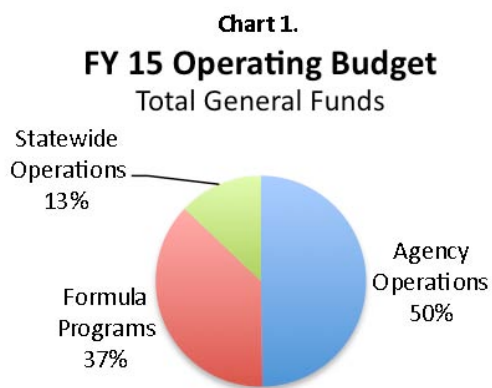
Background: About State Spending

State spending primarily consists of two budgets:

- Capital that funds infrastructure and related projects that tend to be one-time in nature; and
- Operating that funds the day-to-day operations of state departments and their programs—from the State Troopers, to school districts, to vital statistics. These costs generally are reoccurring, which means these costs increase each year. The operating budget has increased 105% over the last ten years. For this reason CWN chose to examine the operating budget to better understand these reoccurring obligations.

Operating Budget

The Operating Budget (Chart 1) has three main categories:



Agency Operations: department spending on programs and services;

Formula Programs: programs in which the funding amount is determined by a formula, such as the number of students for K-12 funding multiplied by the Base Student Allocation; the number of clients receiving Medicaid services multiplied by the cost of the services (which can be difficult to project, resulting in increased or decreased actual costs); and

Statewide Operations: programs that aren't department-specific such as debt service payments, community revenue sharing, oil and gas investment tax credits, retirement system costs.

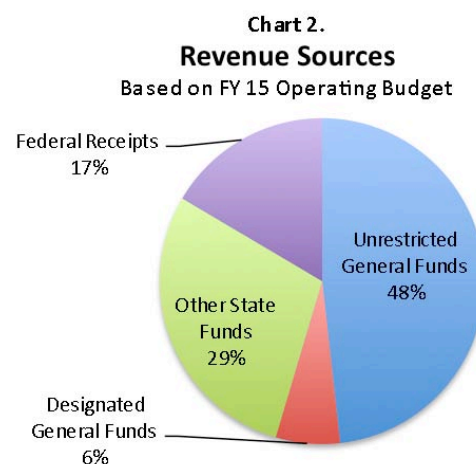
Revenue Sources

The state budget has four categories of revenue (Chart 2) that pay for spending:

Unrestricted General Funds are “fungible” in that they can be spent for any public purpose—no limitations, restrictions;

Designated General Funds are revenues generated by a program that the Legislature has set aside to be used by that program;

Other State Funds includes revenue that is generated by state corporations or other sources in which the Legislature may have limited discretion; and



Federal Receipts includes revenue from the Federal government that is limited in the purpose for which the funds can be used (e.g./, Medicaid funds, some education programs).

In explaining the challenge of cutting the budget, legislators take about 2/3 of the budget “off the table” by practice, as illustrated in Table 1.⁵ They have carved up revenue sources so they only look at programs funded by unrestricted general funds. By practice, they also have set aside formula programs because a statute change might be necessary to make changes. Given the magnitude of the challenge, Commonwealth North believes the state can’t afford to exclude selected spending and revenue from scrutiny.

Table 1.
Illustration of Impact By Taking Non-General Fund and Formula Program Spending “Off the Table”
(in thousand\$)

Based on FY 15 Budget
(Does not include Federal Funds)

Agency Operations--all state funds	\$9,590.4
Less Programs Funded By	
Other State Funds	-\$3,573.5
Designated General Funds	-\$772.4
Unrestricted General Funds Remaining	\$5,244.5
Less Formula Programs	-\$2,078.3
Amount Remaining to examine for savings:	\$3,166.2

Under this approach, only 1/3 of spending is examined

⁵ Data source: “Summary of Appropriations” for FY 2015 Fiscal Summary (page 2).

Operating Budget: Major Cost Drivers

Cost of Health Care

The State of Alaska is a significant health care consumer. Alaska is one of the most expensive health care markets in the country and health care has been the primary driver of increased cost per state employee and retiree.

The Alaska Health Care Commission has undertaken analysis and identified steps to address this significant and growing cost, not only to the state’s budget but also to that of the private sector, local governments, and families. The Commission found:⁶

- Commercial health care premiums in Alaska are approximately 30% higher when compared to the average in comparable states;⁷
- Commercial hospital reimbursement is approximately 37% higher than the average in comparison states;
- Average hospital costs are approximately 38% higher than the average in comparison states; and
- Physician reimbursement in Alaska is approximately 60% higher than the average in comparison states; this increase for commercial payers is approximately 69%

The current year (FY 2015) budget includes \$1.6 billion⁸ to pay health care-related costs:

Table 2. Health Care Costs

	FY 15 State Funds
Medicaid	\$703 million
Retired Employees	\$492 million
Active Employees	\$372 million
Inmates	\$44 million
Workers Comp Premium	\$27 million
Total	\$1.6 billion

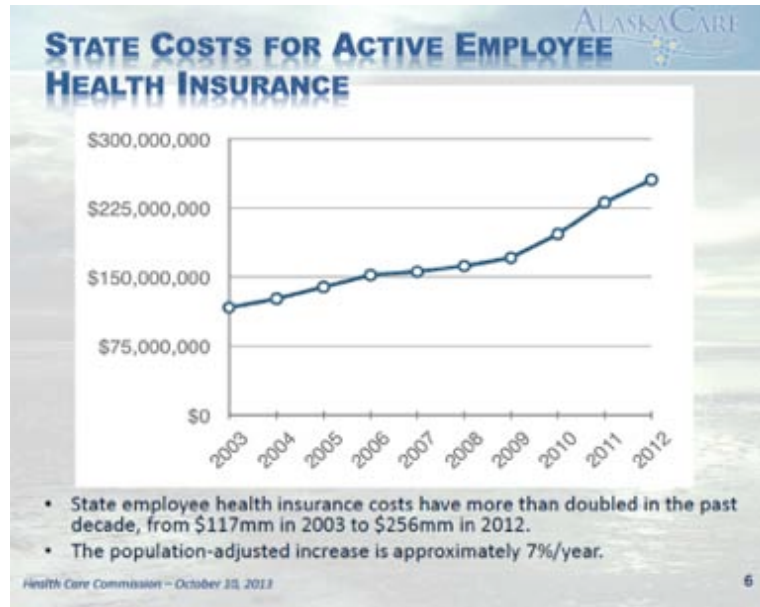
In an October 2013 presentation to the Health Care Commission, Commissioner of Administration Hultberg provided the following about the cost of health care for Alaska’s employees:

⁶ Source: Jhu, Edward, and John Pickering, “Drivers of Health Care Costs in Alaska and Comparison States,” Milliman, 2011.

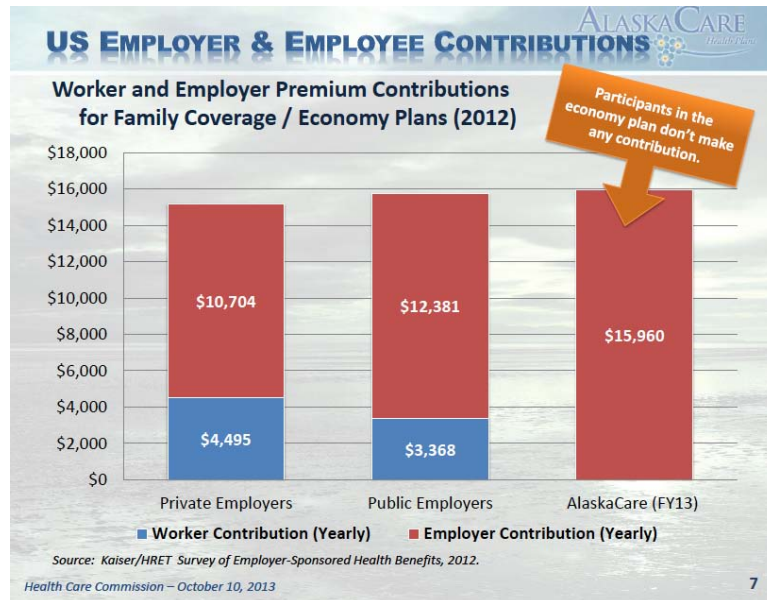
⁷ Other comparable states used in the Milliman study were Washington, Oregon, Idaho, Wyoming, and North Dakota.

⁸ See Appendix E for detailed breakdown of costs (state funds only; excludes Federal Funds) by department provided by the Office of Management and Budget. The summary does not include the cost to school districts and local governments

Between 2003 and 2012, state employee health care costs more than doubled (from \$117 million to \$256 million). Since 2012, the cost has increased 46% to \$372 million:



The state pays the full cost of health insurance for those state employees that select the Economy Plan (\$500 deductible).⁹ Based on data from 2012, this was substantially more generous than plans of other local governments and private employers:



The Department of Administration continues to work on reducing the cost of state employee health care cost through provider network utilization (increased number of providers in the

⁹ See Appendix F for a summary of key provisions in health benefit plans for active state employees. Full benefit information can be found at <http://doa.alaska.gov/drb/alaskaCare/employee/publications/booklet.html#.VNfPO8aZM4Q>

network; pre-certification if a provider is out of network; steering employees into the network; including dental services in the network. Clearly this is a financial burden that the State budget cannot maintain. We recognize that any change to active employee health benefits likely is subject to the collective bargaining process.

Recommendation: Given the state's fiscal reality, the Administration and unions re-open negotiations to identify steps to realize short- and long-term health care savings.

Recommendation: The Administration and Legislature take steps to implement the Alaska Health Care Commission's "Core Strategies for Health Care Transformation"¹⁰ to achieve cost savings, with priority to re-writing the state's insurance code to make it more consumer-friendly and less company oriented, and establish a system that publishes health care costs so consumers can be informed of costs.

State Employee Salary Costs

The operating budget includes the recurring and compounding cost of salary increases for active employees, i.e., merit increases (longevity) and cost-of-living adjustment (COLA).

The cost (state funds only) of these increases is \$52.7 million in the current fiscal year.¹¹ Generally, agencies cover the cost of merit increases by making offsetting cuts in other areas of their budget. Departments often are provided additional funds to pay COLA costs. In Fiscal Year 2015, this means \$28 million in merit increases and \$24.7 million in COLA.

As illustrated in Table 3, most bargaining units are receiving a 1% COLA in Fiscal Year 2015, which will increase to 2.5% for the largest unions¹² in Fiscal Year 2016.

¹⁰ Appendix G is a summary of the Commission's core strategies. Find the commission report and studies at <http://dhss.alaska.gov/ahcc/Pages/default.aspx>

¹¹ Source: Office of Management and Budget "FY 2015 Salary and Benefit Changes;" See Appendix H for additional bargaining unit agreement details.

¹² See Appendix I for number of positions for each bargaining unit.

Table 3. Summary of Selected Monetary Terms in Collective Bargaining Agreements									
Bargaining Unit	FY 15		FY 16		FY 17		FY 18		Current Contract End Date
	COLA	Health Insurance	COLA	Health Insurance	COLA	Health Insurance	COLA	Health Insurance	
Public Safety Employees Association	1.0%	Economy Plan	1.0%	Economy Plan	2.0%	Economy Plan			6/30/17
Alaska Vocational Technical Center Teacher's Unit	1.0%	Economy Plan	1.0%	Economy Plan	1.0%	Economy Plan			6/30/17
Inlandboatmen's Union representing the Unlicensed Marine Unit	NA	NA	1.0%	Economy Plan	2.0%	Economy Plan			6/30/17
Marine Engineer's Beneficial Association									6/30/2014 - Interest Arbitration
International Organization of Masters, Mates, and Pilots									6/30/2014 - Interest Arbitration
Alaska Correctional Officers Association	2.0%	Economy Plan	1.0%	Economy Plan	1.0%	Economy Plan	2.25%	Economy Plan	6/30/18
Labor, Trades and Crafts Unit	1.0%	Economy Plan, may not decrease							6/30/15
Teachers' Education Association of Mt. Edgecumbe	1.0%	Economy Plan							6/30/15
Confidential Employees Association	1.0%	Economy Plan	2.50%	Economy Plan					6/30/16
Alaska Public Employees Association/Supervisory Unit	1.0%	Economy Plan	2.50%	Economy Plan					6/30/16
Alaska State Employees Association/General Government Unit	1.0%	Economy Plan, no less than \$1389	2.50%	Economy Plan, no less than \$1389					6/30/16
Non-Covered - Executive Branch	1.0%	Economy Plan	2.50%	Economy Plan					6/30/16
Non-Covered - Legislative Branch	1.0%	Economy Plan	2.50%	Economy Plan					6/30/16
Non-Covered - Judicial Branch	1.0%	Economy Plan	2.50%	Economy Plan					6/30/16

Table 3 (continued). Summary of Selected Monetary Terms in Collective Bargaining Agreements									
Bargaining Unit	FY 15		FY 16		FY 17		FY 18		Current Contract End Date
	COLA	Health Insurance	COLA	Health Insurance	COLA	Health Insurance	COLA	Health Insurance	
University:									
Alaska Higher Education Crafts and Trades Employees, Local 6070	1.65%	UA pays 82%	1.9%	UA pays 82%	1.9%	UA pays 82%			12/31/16
Fairbanks FireFighters Association, Local 1324	2.0%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs							12/31/15
Non-Represented Staff and Adjuncts	2.0%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs							N/A
United Academics-Adjuncts (UNAD)	Based on number of semesters taught: 0-5 1% 6-11 2% 12+ 3%		Based on number of semesters taught: 0-5 1% 6-11 2% 12+ 3%		Based on number of semesters taught: 0-5 1% 6-11 2% 12+ 3%				2/28/17
United Academics (UNAC)	2% and \$750 per FTE lump sum Discretionary Merit Bonus up to 1%	UA pays 82%	2% and \$750 per FTE lump sum Discretionary Merit Bonus up to 1%	UA pays 82%	2% and \$750 per FTE lump sum Discretionary Merit Bonus up to 1%	UA pays 82%			12/31/16
University of Alaska Federation of Teachers (UAFT)	2.5%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs	2% + \$900 Lump		2% 0.5% Base Market Adjust+ \$900 Lump sum		2% + \$900 Lump		12/31/17

Recommendation: Given the State's fiscal reality, the Administration and unions re-open negotiations to identify savings in salary and other benefit costs.

Formula-Driven Programs

Formula programs account for 37% of the State’s (general fund) operating budget. Some formula-driven spending is federally required (e.g., health and social services programs such as Medicaid). Table 4 identifies the current formula-driven programs:

Table 4. FY 15 Formula Programs

	General Funds	Other State Funds	Federal Funds	Total
<u>Education</u>				
Foundation Formula	\$1,210,648.8		\$20,791.0	\$1,231,439.8
Pupil Transportation	\$76,773.9			\$76,773.9
Boarding Home Grants	\$4,710.8			\$4,710.8
Youth in Detention	\$1,100.0			\$1,100.0
Special Schools	\$3,693.3			\$3,693.3
Performance Scholarship Awards	\$11,000.0			\$11,000.0
<u>Administration</u>				
Elected Public Officers Retirement	\$2,098.1			\$2,098.1
<u>Commerce</u>				
Payment in Lieu of Taxes			\$10,428.2	\$10,428.2
National Forest Receipts			\$600.0	\$600.0
Fisheries Taxes		\$3,600.0		\$3,600.0
Power Cost Equalization	\$41,355.0			\$41,355.0
<u>Health & Social Services</u>				
Children's Services	\$34,723.4	\$2,000.0	\$18,786.9	\$55,510.3
Health Care Services	\$1,471.0			\$1,471.0
Public Assistance	\$156,871.1	\$7,969.6	\$71,111.4	\$235,952.1
Medicaid Services	\$694,829.7	\$8,042.6	\$966,268.7	\$1,669,141.0
<u>Military & Veterans Affairs</u>				
National Guard Retirement Benefits	\$627.3			\$627.3
Total	\$2,239,902.4	\$21,612.2	\$1,087,986.2	\$3,349,500.8

(in thou\$and\$)

Unlike many other formula programs, K-12 Foundation funding receives a great deal of attention during most legislative sessions. Other formula programs, as next discussed, should be similarly scrutinized, and savings identified based on overall state priorities, even when a statute change is necessary.

Medicaid Program

Given the magnitude of funding required, the study group also looked at the Medicaid program that provides health care coverage to Alaska’s low-income, elderly, and disabled population.

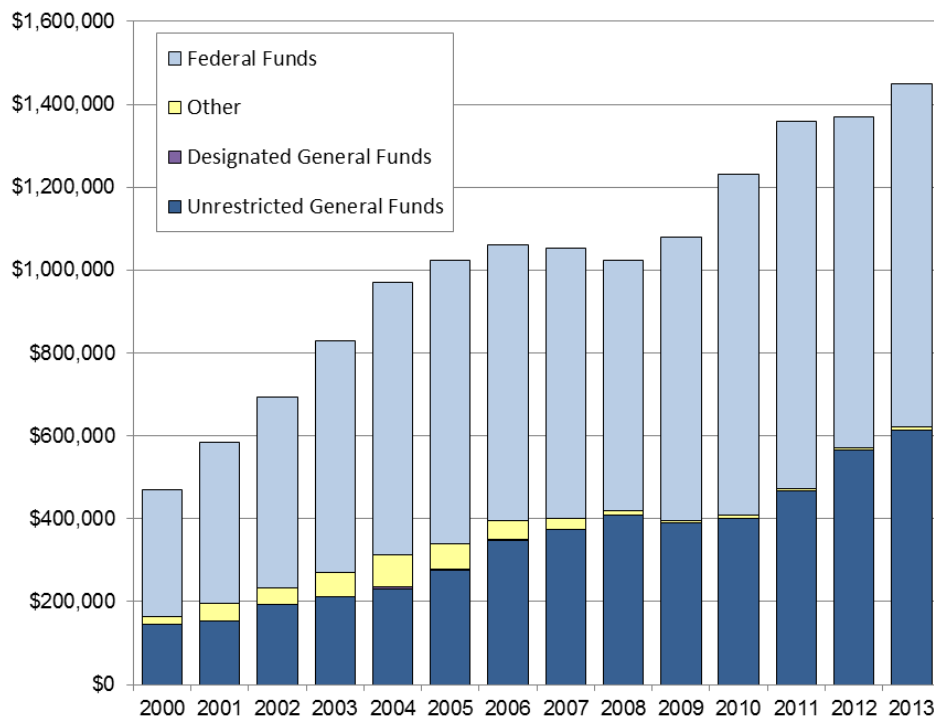
Slowing or reducing the State of Alaska’s share of spending on the Medicaid program is essential to the State’s fiscal future. Reform is also vital for the fiscal stability of the program and the people who depend on it.

Approximately 150,000 Alaskans depend on Medicaid for their health care coverage. Medicaid patients most often need more intensive health care services due to their health and socio-economic status.

On average Alaska receives 58% of its Medicaid expenditures from federal sources with 42% of the funds coming from state government. The State of Alaska has worked to minimize state match by taking advantage of federal refinancing programs and programs with enhanced match rates.¹³

Table 5.

Historical Medicaid Expenditure by Fund Source
(in thousands)



Virtually all states have undertaken substantial reform of Medicaid that both improves the quality of care tailored to these vulnerable patients and eliminates unnecessary care and expense. Compared to other states, Alaska’s reform efforts are in the nascent stage. Alaska is one of three states that have no risk-based managed care or primary care case management for

its Medicaid population.¹⁴ It is estimated that over half of all Medicaid beneficiaries are in some kind of care management today.¹⁵ The State has launched a handful of pilot projects in the last few years aimed at better management of the most intensive patients. None of these pilot projects have been brought to scale across the entire Medicaid population. A more aggressive implementation of care management programs such as the Patient Centered Medical Home model (PCMH) or Primary Care Case Management (PCCM) is needed to achieve better health and financial outcomes.

¹³ Fiscal Year 2015 “Performance and Budget Summary Book,” State of Alaska Department of Health and Social Services, Governor Parnell, page 31.

¹⁴ Smith, Vernon K. et al., “Medicaid in an Era of Health and Delivery System Reform: Results from a 50 State Medicaid Budget Survey for State Fiscal Years 2014 and 2015,” October 2014, The Kaiser Commission on Medicaid and the Uninsured.

¹⁵ “Medicaid Moving Forward,” January 2015, The Kaiser Commission on Medicaid and the Uninsured.

While all states must serve certain federally-mandated populations and provide certain mandated services, states have the option to serve additional populations and provide certain optional services.¹⁶ Table 6 identifies the Federal Fiscal Year 2013 cost (state and federal funds) of Medicaid services.

Mandatory Services	Optional Services
\$933 million	\$481 million

Over the years, the Legislature and the Administration have discussed eliminating certain optional services for disabled adults and the elderly numerous times and have concluded that the services should continue because they prevent more costly care or are essential to patient well being. However, given today’s fiscal exigencies, the State should review all optional services and optional coverage groups to determine if savings can be achieved by scaling back coverage or if absolutely necessary, eliminating a service or group. Care must be taken to preserve benefits that prevent patients from using more intensive and expensive care.

CWN recognizes that Medicaid reform is not simple as it touches the lives of thousands of Alaskans. However, the State should immediately embark on a Medicaid reform process using the expertise of Alaskans and national experts. We commend the Governor for his recently launched initiative to reform the Medicaid program this year, in the context of the State’s Medicaid expansion plan. No expansion plan can succeed without a sustainable, financially stable Medicaid program. The Administration, the Legislature and health policy experts, working together as the Medicaid Reform Advisory Group, already have identified several ideas¹⁷ that could produce savings, which should be further considered as part of the current Administration’s reform initiative.

Recommendation: All formula-driven programs must be reviewed in terms of policy goals, results being achieved, and cost effectiveness. If necessary, statutory or regulatory changes should be made to achieve results.

Recommendation: The Administration and the Legislature immediately embark on a Medicaid reform initiative to ensure that the state can continue to provide services to those most in need.

¹⁶ See Appendix J for a list of mandatory and optional services in Alaska.

¹⁷ See <http://dhss.alaska.gov/Commissioner/Pages?medicaid-Reform.aspx> for information about the work of the Medicaid Reform Advisory Group.

Revenue Earmarks

Designated Fund Sources

“Fences” have been built around two categories of budget revenue: “designated general funds” and “other state funds.” These fences limit how these revenues can be spent and are Alaska’s version of revenue “earmarks.” This is especially true for “designated general funds,” which includes revenue such as park fees, occupational licensing fees, Marine Highway fares, revolving loan payments, and University tuition. The Legislature tends to have less latitude in spending “other state funds,” which includes revenue generated by activities of state corporations (e.g., Permanent Fund, Alaska Housing Finance) and revenue that needs to be segregated for other legal reasons or obligations.

There are 49 different “designated general fund” accounts and 53 “other state fund” accounts.¹⁸ By practice, the Legislature has not scrutinized programs funded by these sources as those that are funded by the unrestricted general funds. The practical result is that programs such as the State Troopers (funded by unrestricted general funds) get more scrutiny than the budgets for occupational licensing boards because these boards “pay their own way” (with designated funds).

Alaska can no longer afford this practice of earmarking revenue, which limits access to funding by high priority state responsibilities. There would be an additional \$772 million in the general fund if these earmarks were eliminated.

Recommendation: The Governor appoint, with legislative approval, a committee of experts to analyze, within a short period of time, what designated revenue accounts have no legal restriction on use and can be appropriated to the general fund, including any statutory changes that will be necessary.

Designated Reserves

When revenues were bountiful, the State set aside funds in designated reserves¹⁹ the proceeds of which have been used to fund their respective programs each year. Just as with programs funded by “designated general funds,” programs funded from these reserves are not subject to the same scrutiny and do not have to compete for scarce state dollars.

Table 7. Designated Reserves

	FY 15 Projected Year End Balance
Alaska Capital Income Fund	\$13.1
AK Higher Education Investment Fund	\$443.8
Public Education Fund	\$1,261.1
Revenue Sharing Fund	\$172.0
PCE Endowment	\$902.2
Total	\$2,792.2

(in thousand\$)

¹⁸ See Appendix K for a list of all fund sources in use (source: Division of Legislative Finance “Swiss Army Knife”).

¹⁹ Source: “Summary of Appropriations FY 15,” Division of Legislative Finance, page 4.

In light of the unrestricted general fund shortfall, Alaska no longer can afford to have these set-asides. The Legislature should amend state statutes and appropriate these reserves to the general fund.

Recommendation: The Legislature appropriate designated reserve balances to the general fund so these funds are available to fund priority State services.

Focus on Results, Not How Much to Spend

Alaska's budget decision-makers typically focus on the incremental change (both increases and decreases) in spending from one year to the next instead of examining the full budget, or base budget. The result is that the base continues from year to year with minimal scrutiny.

Determine Appropriate State Services

Given the systemic nature of this current budget challenge decision-makers need to dramatically shift their attention to evaluating the effectiveness of state programs and the cost associated with getting those results.

Recommendation: The Administration and Legislature undertakes a review of state services to evaluate the following:

- ***Based on constitutional responsibilities, is a program a service the State is required to do;***
- ***If it is appropriate, analyze the results the program is getting—how effective is it in achieving its intended purpose;***
- ***Examine the cost to deliver current results—what's the "return on investment" in terms of cost compared to results/effectiveness;***
- ***Evaluate if the State is the only entity that can provide the service or if it would be more cost effective and responsive if the services were contracted out or shed through privatization; and/or***
- ***If it is not a State responsibility, stop providing the service.***

The answers to these questions will inform budget decision-makers and identify ineffective and/or cost-prohibitive programs for elimination.

Fund Effective Programs

State law (Executive Budget Act AS 37.07.014)²⁰ requires that the Legislature review state programs based on performance, which it has done somewhat in the past. The House Finance Committee is diligently working to include this information as part of the work of its subcommittees. Some departments, such as the Department of Health and Social Services, has made significant progress in providing performance-focused information as part of its budget presentations.

²⁰ Find AS 37.07.014 as Appendix L.

While performance-based frameworks for many of the other state agencies currently exist,²¹ many still need additional work to ensure they include meaningful performance measures linked to program costs. It also will be important for the Legislature to review the frameworks to ensure the performance measures programs and reflect results that Alaskans value and are not selective information by program advocates.

We commend the steps the Legislature has taken to acquire results-based information. Recent efforts include:

- In-depth performance reviews of departments (ch 19 SLA 13), sponsored by Rep. Mike Chenault, now are required. The Department of Corrections was the first review completed in December 2014 and we look forward to learning how the study informs the Legislature and Administration's discussions/decision-making. The law prescribes that one department be reviewed each year;

Recommendation: The Legislature increase the number of in-depth performance reviews conducted to more than one department per year so increased information is available to identify potential savings.

- Periodic review of expenditures such as tax credits (ch 61 SLA 14) by Rep. Steve Thompson provides the Legislature with a tool to evaluate the effectiveness of these expenditures in achieving public policy goals (i.e., results).

We believe that the 90-day session limits the ability for legislators to undertake the level of examination to ensure meaningful performance information is in place to inform its decision-making. We would like to acknowledge that some Finance subcommittees have worked extensively during the interim with their assigned department and believe this should be an expectation of Finance Committee membership.

Recommendations:

- ***The Legislature undertake an in-depth review of performance frameworks and measures during the interim;***
- ***The Legislature integrate use of program performance measures into its budget review to ensure public dollars are spent on effective services; and***
- ***The Legislature engage citizens in this review process, which will provide legislators and the Administration with differing perspectives and advance citizen understanding of state services.***

Performance frameworks are an important tool for departments to effectively manage

²¹ See <http://omb.alaska.gov/html/performance/department-key-indicators.html>. Some departments are making progress in developing frameworks that strategically align programs with goals and identification of corresponding performance measures.

programs and resources. Most importantly, performance-based data will also inform the Governor's budget and management decision-making.

Another tool available to assist in review of the State's roles and responsibilities is a comprehensive management review of state services and methods of delivery. Governor Hammond created a citizen-led Blue Ribbon Commission that reviewed state services; Governor Hickel used an in-house team to examine state programs and operations.

Recommendation: The Governor appoint a citizen-led commission to conduct a management review of state operations that engages the departments and citizens to identify savings and opportunities to improve service delivery.

An important part to such a review process will be an opportunity for Alaskans to comment on recommendations. The study group also realizes that implementation of recommendations from such a review can be expected to meet with tremendous resistance, irrespective of citizen engagement.

Given the seriousness of the challenge that needs to be met, the Governor and Legislature may need alternate strategies to implement recommendations. One such process could be the voting mechanism Congress uses to approve or reject the Base Realignment and Closure (BRAC) recommendations. The Federal process involves a panel that makes recommendations to the President who can approve or make changes. The list is sent to Congress, which has 45 days to enact a resolution of disapproval. If Congress fails to pass a resolution, the recommendations become final.

Recommendation: Put in place an approval process, such as that used by Congress in the Base Realignment and Closure (BRAC) decision-making, to increase the likelihood that comprehensive reforms will be enacted.

Engage Alaskans in Meeting the Challenge

To responsibly address the State's fiscal choices, it will be important that Alaskans also understand the fiscal challenge facing the state. For over 25 years Alaskans have periodically heard about the imminent "fiscal cliff" but events have always intervened that re-routed the state from falling. There's good reason for citizens to be skeptical of the problem and therefore, unwilling to accept solutions.

Statewide Dialogue

For these reasons Alaskans need to be engaged in a different type of discussion about the challenge and then, based on their understanding, have an opportunity to provide constructive input to political leaders on what steps they believe the state should take. If such an opportunity is provided, we believe Alaskans will be more willing to provide the "political permission" many elected officials may need to make the politically difficult budget decisions.

Unlike most approaches to public testimony and participation, a dialogue is not about winning the argument or changing someone's mind. Instead, a dialogue provides participants with an opportunity to constructively discuss options with their neighbors and friends; weigh the

choices; and offer recommendations on the choices and trade-offs they would be willing to make. It enables common ground to be identified, which can assist elected officials in making decisions that are based on the values of local communities. Such a process increases participants' understanding of the challenge our leaders are facing.

Recommendation: The Governor and Legislature²² engage Alaskans in a series of dialogues in which they discuss the state's future; the responsibilities of the state and individual Alaskans in that future; and how achieving that vision will be funded.

Clear, Balanced Information is Critical

Important to good policy decision-making are informed citizens. Effective communication of balanced, objective information is integral but is a challenge in this era of political gamesmanship that are immediately tweeted, posted, etc. Irrespective, CWN believes it is extremely important to convey budget information at a "consumer level."

We appreciate the House's efforts (through www.AlaskaBudget.com) to provide objective budget information and encourage increased efforts to drive Alaskans to the website. We also appreciate the work that the Legislature's Division of Legislative Finance does, especially its overview of the Governor's proposed budget (but unfortunately its primary focus is on incremental changes). The Department of Revenue's Revenue Forecast has come a long way over the years in presenting information so it is more "consumer friendly."

Commonwealth North has a longstanding history of addressing the fiscal policy needs of the state, and we have identified a number of organizations with similar concerns. These include the three-legged stool campaign by First National Bank Alaska; the Alaskanomics blog by Northrim Bank; ISER supported works; Alaska Common Ground's continued efforts; and Commonwealth North's historical and current efforts.

Recommendation: Develop a plan for a multiyear approach to communicate critical operating budget issues in cooperation with other public and private organizations. Such efforts must identify general "consumer level" messaging that attracts public interest in Alaska's budget and the challenges we face. It is critical to engage the public with social media-sized bites of information that drive clicks to detail, and that helps to enhance an understanding of the needs and vision of the state.

Among the tools discussed to advance Alaskans understanding of the challenges is an easy-to-use spreadsheet that allows a user to input adjustments to budget items to see the effect on other budget items.

CWN also encourages a review of past efforts to engage the public in drafting Alaska's fiscal future. A new effort to inform Alaskans on our fiscal challenges needs to treat Alaskans like stakeholders in the future of our State.

²² It is important that the Governor and Legislature both sponsor the dialogues so that Alaskans will believe it is worth their time to participate because the state's leaders are listening to what they have to say.

Changes to Budget Processes and Practices

The following are recommendations on steps that we believe will improve some current budget practices.

Citizen Input into Governor's Budget

During development of a Governor's proposed budget, the primary source of input is state departments, who are very effective members of the "spending lobby." CWN believes there would be value for the Governor to also solicit other points of view from citizens prior to submission of the budget to the Legislature.

Recommendation: The Governor establishes citizen advisory panels to provide input during development of the Governor's proposed budget.²³

Move Up Governor's Budget Submission

Currently the Governor is required by law to submit the proposed budget to the Legislature by December 15th of each year. Given the budget challenges and limited session length, we believe it is important that the Legislature have additional time to scrutinize state spending and program results.

Recommendation: Require the Governor to submit the proposed budget to the Legislature by November 15th each year²⁴ ***to enable the Legislature to get an earlier start to its review.***

This change also will require the Department of Revenue to move up release of its revenue forecast so as to inform budget decision-makers.

Establish Revenue Limit

As evidenced by this legislative session's focus, one of the most effective restraints on spending is the lack of revenue. While we commend past efforts to save surplus revenue in reserve accounts, ironically its availability can undermine the political will to make sustainable reductions.

Recommendation: Limit the amount of savings that can be spent in any one fiscal year to ensure prudent use and extend availability.

In other words, decide what you can afford to spend up-front and base a budget on it.

Maximum Flexibility to Identify/Implement Savings

Given the magnitude of the budget challenge, a significant challenge in the 2015 legislative session is the time the Legislature has to evaluate the budget proposed by the Governor. An

²³ Oregon has "Citizen Program Funding Teams" that advise the Governor on budget priorities, rank programs in terms of priorities, and recommend funding levels. It is re-thinking this role for citizens because the initial task delegated an overwhelming responsibility to citizen volunteers in trying to understand complex programs. The thinking is to have citizens advise later in the process in order to limit the commitment of time and effort required for them to participate in the process. Of note is that State agencies were concerned that they would still have the opportunity to justify their budget to the Governor after the citizen groups made their recommendations.

²⁴ An accommodation should be made in budget submission timeframe when a new governor is elected.

even more significant challenge has been the timeframe in which Alaska’s newly elected Governor had to evaluate and propose a budget that is responsive to the State’s dramatic revenue shortfall.

Recognizing the unusual nature of the challenge and timeframes, CWN recommends that the Legislature take an unusual step of structuring²⁵ the operating budget so that the Administration has maximum flexibility to have more time to evaluate and implement changes that will result in significant savings.

Two options that could provide this type of flexibility are:

- Make one reduced-level appropriation to the Executive Branch that is allocated to each department²⁶, and one appropriation to the Judiciary and to the Legislative branches. For the Executive Branch, this would give maximum latitude to move funds within and between departments, as savings are identified; or
- Make one reduced-level appropriation to each department, the Judiciary, Legislature, and University.²⁷ While this does not provide as much flexibility as the first option, it would still provide more latitude than the more typical appropriation/allocation structure.

We recognize this type of extraordinary step infringes on the Legislature’s fundamental responsibility, the power of appropriation. The Legislature also could include a “report back” mechanism in a broadly structured appropriations bill that only provides seven months funding (instead of the full fiscal year) for state operations. This mechanism would require the Administration to report to the Legislature next session on the changes made and/or proposed to achieve required savings. The Legislature then would be in a position to approve the changes and final five months of funding.

Recommendation:

The Legislature approves an FY 16 operating budget that provides approximately seven months of funding and is structured to provide maximum flexibility to the Administration to identify and implement program savings during the fiscal year. This extraordinary approach would include a mechanism by which the Administration would report back to the Legislature next legislative session on implemented and proposed program changes and funding required for the balance of the fiscal year.

²⁵ The importance of the level of “appropriation” is that a department does not have the authority to move money between appropriations (only the Legislature has this power to set appropriation levels). Within an appropriation, the Legislature “allocates” funds to different purposes; departments can move funds between allocations.

²⁶ For years the University of Alaska’s budget has been structured with one appropriation, which gives flexibility to the Board of Regents to make changes during the fiscal year in the amount allocated among campuses and programs.

²⁷ In 1983 the Governor proposed a department-level appropriations structure bill for the operating and capital budgets (HB 105; see Appendix M); final budget bill ultimately approved by the Legislature returned to the traditional appropriations structure that limited management flexibility.

Establish Joint Ways and Means Committee²⁸

We also recommend that the Legislature create a Joint Ways and Means Committee to bring focus to the revenue side of the Legislature’s budget decision-making. We recommend that the joint committee recommend, and the Legislature approve by resolution, the amount of State revenue on which the Legislature will base the following fiscal year’s budget.

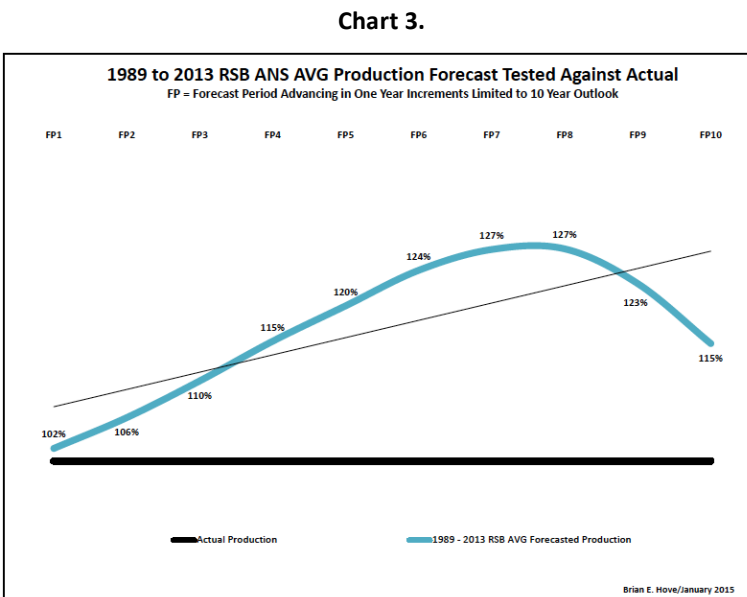
Recommendation: Establish a Joint Ways and Means Committee tasked with introduction of a resolution at the start of each session that establishes the overall amount of revenue that will be available for the following fiscal year’s budget, including the amount that will come from savings. The Legislature then takes action on such a resolution within the first two weeks of the session.

Earlier release of the fall revenue forecast will enable the Joint Ways and Means Committee to start meeting in November in order to prepare a resolution for introduction at the start of the Legislative session.

Revenue Forecasting Reliability

Given the importance of oil production to the State budget, the study group reviewed the reliability of Alaska North Slope oil production forecasts as presented in the Alaska Department of Revenue’s (ADOR) Fall Revenue Sources Books.

Chart 3 shows that from 1989 to 2013, each one-year forecast over the 25-year look-back



averaged, as a group with actual production as a baseline, 102% of actual production; each two-year forecast averaged 106% of actual production and so on. While it’s reasonable to expect forecasting models to become less reliable as they stretch into the future, it’s clear that even near-term forecasts were prone to miss the mark by wide margins.

Chart 4 further demonstrates this substantial variance by emphasizing two timeframes, 1989-1994 and 1995-2010, each

represented by a curve. The upper curve suggests a significant change in forecasting methodology implemented in 1995 (continuing through 2010) relative to the lower curve (1989-1994). It’s clear that for budgeting purposes, the production forecasting methodology used in the upper curve turned out to be of little value.

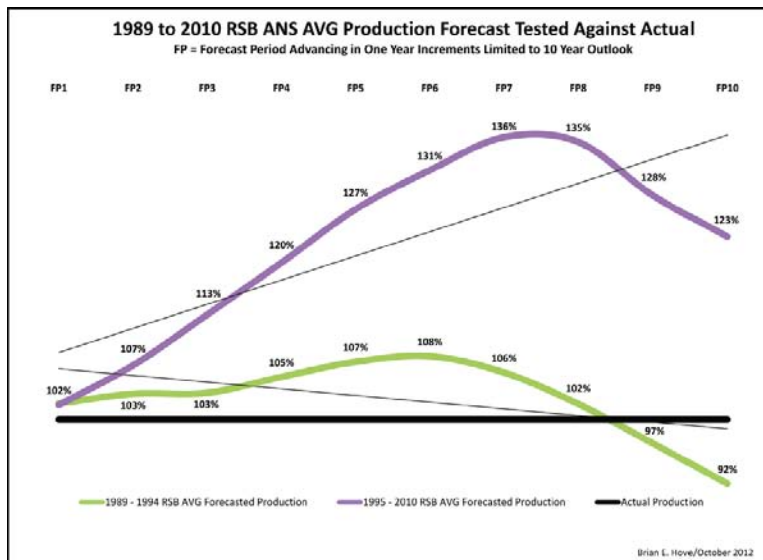
This look-back illustrates that ADOR’s forecast was almost always on the high side and never

²⁸ A Ways and Means Committee has jurisdiction over revenues. Responsibility for revenue matters currently falls to the Finance committee—the same group that does the spending.

missed on the low side.

Starting with the Fall 2012 Revenue Sources Book, ADOR implemented a new forecasting

Chart 4.



methodology with an expressed purpose to move forecasted production and revenue closer to the average of the high and low predictions. While it's too soon to know if it's going to be a better predictor of production, early results suggest ADOR may be getting closer to an effective forecasting methodology for budgeting purposes.

Recommendation: The Joint Ways and Means Committee review the state's revenue forecasting methodology to ensure the degree of reliability for spending decision-making and identify options that could improve reliability.

More Time for Budget Deliberations

The study group examined the impact of the current 90-day session limit on the Legislature's ability to address important issues. The Alaska Constitution limits the regular legislative session to 120 days. A statute, passed by initiative, further limits session length to 90 days. The Legislature could amend the statute and abide by the Constitutional maximum.

We believe that increased legislative scrutiny of the budget is likely to result in increased efficiencies and savings.

Recommendation: The Legislature revises its schedule to increase the time available for oversight of state spending. This can include:

- ***Returning to the Constitution's 120-day session limit;***
- ***Increasing the number of interim meetings for Finance Committee/subcommittee work;***
- ***Convening special session(s) devoted to budget issues; and/or***
- ***Extending the session by four weeks in odd-year (two weeks added on each end).***

Current Fiscal Year Budget Reduction Plan

State revenue has dropped nearly 50% in the current fiscal year when compared to what was expected. While much of the Legislature's and Governor's focus is on next fiscal year's budget, it also is important to take steps to slow down current fiscal year spending.

CWN believes it would be prudent for the Legislature and Governor to have an agreed-upon contingency plan of what actions will be taken when revenues dramatically decline.

Recommendation: The Legislature and Governor develop and implement a contingency plan that identifies steps that will be taken to reduce current fiscal year spending due to a dramatic drop in expected revenue.

Biennial Budget (Not Recommended)

The study group discussed the pros and cons of moving to a biennial budget. A National Conference of State Legislatures 2011 report²⁹ on annual/biennial budget cycles was inconclusive on the benefits of annual and biennial budget cycles, by most measures. However, the study did find that "forecasting is likely to prove more accurate in annual budget states than in biennial budget states, possibly reducing the need for supplemental appropriations and special legislative sessions."

As shown in the Charts 3 and 4, Alaska has difficulty accurately forecasting oil revenue beyond one year, which typically has comprised some 90% of the State's general fund revenue. We concluded that the revenue uncertainty would be compounded by a biennial budget cycle and for this reason do not recommend Alaska move to a biennial budget cycle.

Forward Funding

The study group also discussed the challenge of basing state spending on revenue that is difficult to predict with certainty (see Charts 3 and 4). Forward funding³⁰ the budget could help by basing spending on the actual amount of revenue collected the prior year. This approach has its challenges given the current revenue environment because it would require funding the first and following year's budget at the same time in order to get a forward funding framework in place. Regardless, we believe it merits evaluation.

Recommendation: Evaluate the potential benefits to forward fund the state budget based on prior year revenue.

Deposit Savings to Statutory Budget Reserve

The Constitutional Budget Reserve³¹ (CBR) was created to save surplus revenue so it would be available to support services when revenue fell. Under those circumstances, a simple majority

²⁹ Snell, Ronald K., "State Experiences With Annual and Biennial Budgeting," National Conference of State Legislatures, April 2011.

³⁰ For several years the Legislature has been forward funding K-12 by depositing revenue into the Public Education Fund that then will be appropriated the following year.

³¹ Voters created the Constitutional Budget Reserve (CBR) in 1990. Initially, settlements from disputed oil and gas settlements were the primary source for deposits. Since then the Legislature has also deposited surplus revenue into the CBR.

vote is required to access the revenue. If the Legislature wants to use the CBR to spend more money than it did the prior year, a super-majority vote (3/4 of each legislative body) is required.

Over the years, the high threshold to get enough votes to meet the super-majority vote requirement has resulted in the unintended consequence of spending even more money by funding additional projects or programs in order to get needed votes.

The current revenue forecast should mean the Legislature would require only a majority vote to access these reserves in the near term. Looking beyond, the Legislature should re-examine the super-majority vote requirement to ensure prudent use of the reserve funds or take a one-time vote to place the CBR into the statutory budget reserve³² that only requires a majority vote to use.

Recommendation: Deposit the CBR balance into the statutory budget reserve.

³² The statutory budget reserve fund differs from the CBR by not requiring a super-majority vote to access funds.

Appendix A

Growth in Operating Budget - FY 04 to FY 14

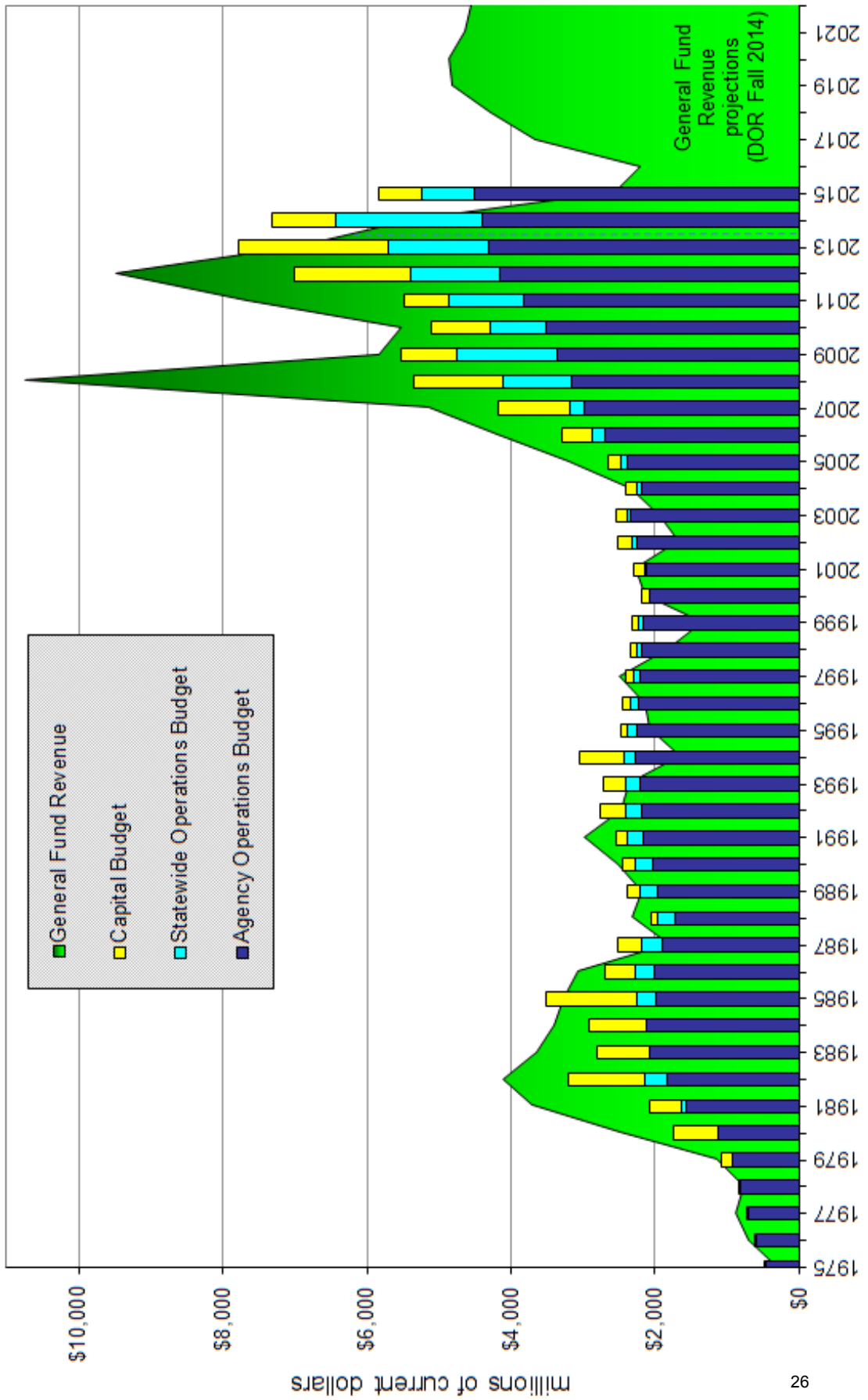
Operating Budget General Funds Only	FY 04	FY 14	% Change
Administration	70,587.9	86,753.2	23%
Commerce	10,582.7	47,060.2	345%
Corrections	149,444.8	296,942.9	99%
Education	743,560.1	1,282,645.9	73%
Env Conservation	11,341.1	23,414.1	106%
Fish & Game	27,087.6	81,362.3	200%
Governor	14,330.1	29,480.3	106%
Health & Social Services	527,126.3	1,236,196.6	135%
Labor	10,662.0	34,966.6	228%
Law	26,425.7	61,247.9	132%
Military & Veterans Affairs	8,611.1	22,274.3	159%
Natural Resources	47,130.2	81,213.8	72%
Public Safety	78,346.4	172,293.7	120%
Revenue	8,214.6	33,290.5	305%
Transportation & Public Facilities	96,345.0	283,027.0	194%
University of Alaska	212,716.0	371,325.1	75%
Courts	54,845.5	110,574.3	102%
Legislature	37,193.7	74,376.1	100%
Unallocated Approps		40,415.3	
Total	2,134,550.8	4,368,860.1	105%

Challenge of "apple-to-apple" comparison:

Over time different fund sources have been included in the general fund category of spending. In FY 14, the "General Fund" included both undesignated general funds and designated general funds (DGF). In FY 04, there was no DGF category; instead, most of these receipts were tallied as "other state funds." The result is that it understates general fund spending when compared to what is included in FY 14.

As a result, the above is intended to illustrate that department budgets have far outpaced the rate of inflation (30%) and population (11%).

Unrestricted General Fund Revenues and Budget History



Appendix C

Prior Fiscal Policy Studies Commonwealth North

1980 - 2013

1980	“Alaska’s Golden Opportunity: Resource Revenues and State Spending”
1981	“The Promise and Pitfalls of Alaska’s State Loan Programs”
1981	“Investing in Alaska’s Future: The Capital Investment Fund”
1986	“Alaska’s Budget Crisis: Facing the Facts—Closing the Gap”
1988	“Using the Permanent Fund as a Positive Countercyclical Force in the Alaskan Economy”
1993	“Convening Budget Conference on Closing the Gap”
1994	“Breaking the Fall: Budget Recommendations for Alaska”
1998	“Alaska’s Asset Portfolio: Managing for Maximum Return”
1999	“Permanent Fund Earnings: A Cornerstone for Fiscal Certainty”
2001	“Gambling with the State’s Fiscal Future: Can Alaskans Afford the Odds”
2007	“At a Crossroad: The Permanent Fund, Alaskans and Alaska’s Future”
2013	“Long Term Economic Sustainability for the State of Alaska”

Fiscal Study Group Participant List

Co-Chairs

Cheryl Frasca, Co-Chair / CWN Board Member
Eric Wohlforth, Co-Chair / CWN Board Member

Participating Members

Nils Andreassen	Institute of the North	Peter McClung	McDowell Group
Joe Beedle	Northrim Bank	Ed McLain	UAA
Katie Bender	Northrim Bank	David Morgan	Health Economist
Matthew Blattmachr	Alaska Trust Company	Christian Muntean	Beyond Borders
Bryan Butcher	AHFC	Bob Pawlowski	Commonwealth North Member
Janet Conway	Senator Cathy Giessel	Karen Perdue	ASHNA
Sharon Davies	Commonwealth North Member	Mort Plumb	Plumb Group
Bill Falsey	Sedor Wendlandt Evans & Filippi	Joe Riggs	Alaska Healthcare Strategies
Cathy Giessel	Alaska Senator	Dan Saddler	Alaska Representative
Cliff Groh	Alaska Common Ground	Stacy Schubert	AHFC
Charles Guinchard	Representative Mia Costello	Kim Skipper	Representative Dan Saddler
Brian Hove	Focus on Alaska	Bernie Smith	RCA
Mike Humphrey	The Wilson Agency	Terry Smith	Unified Operations, LLC
Grant Hunter	Attorney	John Stalvey	UAA College of Arts and Sciences
Susan Jensen	Bayshore Owners Association	Vivian Stiver	Senator Cathy Giessel
Brad Keithley	Keithley Consultants	David Stringer	First National Bank AK
Nancy King	Alaska Council on Economic Development	Randi Sweet	Commonwealth North Member
Gunnar Knapp	ISER	Niel Thomas	Coldwell Banker Best Properties
Mary Knopf	ECl/Hyer	Tom Turner	Sagemark Consulting
Ryan Makinster	Representative Mia Costello	Lisa Vaught	Rep Gabrielle LeDoux
Janet McCabe	Partners for Progress	Heidi Wailand	AGNEW::BECK
Nancy King	Alaska Council on Economic Development	Kirk Wickersham	FSBO System

Appendix D

Speakers & Presentations Fiscal Policy Study Group

August 28, 2014

- John Boucher, Senior Economist, Office of Management & Budget

September 11, 2014

- Representative Lindsey Holmes, Chair, House Finance Subcommittee on Administration
- David Morgan, Vice President & Chief Financial Officer, Bristol Bay Area Health Corporation
- Gunnar Knapp, Director and Professor of Economics at the Institute of Social and Economic Research (ISER), University of Alaska Anchorage

September 18, 2014

- David Teal, Director, Legislative Finance Division

September 25, 2014

- Representative Alan Austerman, Co-Chair, House Finance Committee
Pete Ecklund, Legislative Staff, House Finance Committee

October 9, 2014

- Mark A. Foster, Chief Financial Officer, Anchorage School District

October 16, 2014

- Representative Mark Neuman, Vice-Chair, House Finance Committee

December 4, 2014

- Senator Anna Fairclough, Senate Finance Committee
- Representative/Senator-Elect Mia Costello, House Finance Committee

December 18, 2014

- John Tichotsky, Ph.D., Chief Economist & Audit Master, Tax Division, Alaska Department of Revenue
Janet McCabe, Chair, Partners for Progress

January 15, 2015

- Gunnar Knapp, Director and Professor of Economics, UAA's Institute for Social and Economic Research (ISER)
- Cliff Groh, Chair, Alaska Common Ground

FY 15 Operating Budget Health Care Costs (Excludes Federal Funds)

STATE OF ALASKA ANNUAL HEALTH CARE COSTS

In budget dollar format

Summary by Department (1088) - Scenario: FY 2015 Management Plan (11493)

Department	Total Positions (11493)	Total Expenses (Costs)	Total State of Alaska (Active) Employees Health Care Costs*	Total Workers' Compensation department annual premium based on 5 year window of claims experience (See "Total Workers' Comp Costs 5 Yr" column L)	Total Retired Employees Health Care Cost***	Total State of Alaska Medicaid Costs (without Federal Match or Admin Costs)	Total State of Alaska Health Care Cost for Inmates	Total State of Alaska Health Care Costs (formula)	Total Workers' Comp Costs Claims 5 Yr**** INFORMATION PURPOSES ONLY - Actual dollar amounts not budget dollar format.
Department of Administration	1,123	\$ 348,365.7	\$ 18,004.1	\$ 828.1	\$ 491,908.0	\$ -	\$ -	\$ 510,740.2	\$ 2,107,721.68
Department of Commerce, Community and Economic Development	585	\$ 215,347.6	\$ 9,603.6	\$ 250.6	\$ -	\$ -	\$ -	\$ 9,854.2	\$ 259,047.97
Department of Corrections	1,871	\$ 333,040.5	\$ 31,294.8	\$ 3,136.6	\$ -	\$ -	\$ 43,707.6	\$ 78,139.0	\$ 8,835,340.21
Department of Education and Early Development	364	\$ 1,698,061.9	\$ 5,951.6	\$ 142.2	\$ -	\$ -	\$ -	\$ 6,093.8	\$ 171,262.66
Department of Environmental Conservation	561	\$ 87,560.9	\$ 9,444.2	\$ 246.4	\$ -	\$ -	\$ -	\$ 9,690.6	\$ 325,710.63
Department of Fish and Game	1,683	\$ 215,272.6	\$ 21,458.1	\$ 1,194.0	\$ -	\$ -	\$ -	\$ 22,652.1	\$ 2,820,672.85
Office of the Governor	168	\$ 34,338.1	\$ 2,434.9	\$ 82.0	\$ -	\$ -	\$ -	\$ 2,516.9	\$ 101,926.40
Department of Health and Social Services	3,661	\$ 2,692,324.5	\$ 58,941.0	\$ 6,526.6	\$ -	\$ 702,872.3	\$ -	\$ 768,339.9	\$ 20,194,561.74
Department of Labor and Workforce Development	877	\$ 185,306.7	\$ 14,674.8	\$ 827.5	\$ -	\$ -	\$ -	\$ 15,502.3	\$ 2,089,947.52
Department of Law	574	\$ 95,401.4	\$ 9,792.2	\$ 318.7	\$ -	\$ -	\$ -	\$ 10,110.9	\$ 539,738.07
Department of Military and Veterans Affairs	336	\$ 60,337.1	\$ 5,579.7	\$ 510.3	\$ -	\$ -	\$ -	\$ 6,090.0	\$ 2,173,626.97
Department of Natural Resources	1,107	\$ 178,330.4	\$ 15,160.3	\$ 1,624.2	\$ -	\$ -	\$ -	\$ 16,784.5	\$ 6,357,386.48
Department of Public Safety	926	\$ 206,581.4	\$ 15,085.1	\$ 2,198.6	\$ -	\$ -	\$ -	\$ 17,283.7	\$ 6,290,888.56
Department of Revenue	934	\$ 376,050.9	\$ 14,951.6	\$ 372.6	\$ -	\$ -	\$ -	\$ 15,324.2	\$ 657,654.46
Department of Transportation Public Facilities	3,806	\$ 629,036.8	\$ 56,947.6	\$ 8,200.7	\$ -	\$ -	\$ -	\$ 65,148.3	\$ 24,277,585.58
University of Alaska**	4,934	\$ 924,863.7	\$ 62,200.0	\$ -	\$ -	\$ -	\$ -	\$ 62,200.0	\$ 606,753.20
Judiciary	826	\$ 115,676.9	\$ 12,445.9	\$ 499.1	\$ -	\$ -	\$ -	\$ 12,945.0	\$ 245,711.40
Legislature	560	\$ 78,077.9	\$ 7,903.4	\$ 195.0	\$ -	\$ -	\$ -	\$ 8,098.4	\$ 78,055,536.38
Total	24,896	\$ 8,473,975.0	\$ 371,872.9	\$ 27,153.1	\$ 491,908.0	\$ 702,872.3	\$ 43,707.6	\$ 1,637,513.9	

* Based on FY2015 Management Plan budgeted health insurance costs determined by position type. For more detailed contributions and claim expenditures for active employees health care costs, see the SOA Group Health and Life Fund financial statements or contact the individual union health trusts for their respective financial statements.

**University: Health care is one variable in the fringe benefit rates that are based on a methodology approved by the federal government. Preliminary projections of employee wage base and the following benefits: PERS, TRS, ORP, pension, medicare/social security, health care, life insurance, long term disability, unemployment, workers' compensation, tuition waivers, consulting, labor relations and over/under recovery of fringe costs from prior fiscal years.

***This is the FY2014 claims as of June 30, 2014 for all PERS, TRS, JRS, RHF plan participants, not just State of Alaska retirees. For contributions and claims of individual retirement systems, see the individual plan financial statements located on the Division of Retirement & Benefits website. There are 39,350 retiree health plan members and 28,727 dependents of retired members. Approximately 40-50% of claims are for out-of-state retirees.

****Column I is the premium charged to the agencies for FY15 based on the FY10-FY14 claims experience. Column O is the total claims paid for the 5 year window of FY10-FY14.

Appendix F

Summary of Key Provisions of Health Benefit Plans Active State of Alaska Employees

	Economy	Standard	Premium
Deductible	\$500 Individual \$1,000 family	\$300 individual \$600 family	\$300 individual \$600 family
Coinsurance	70%	80%	90%
Annual Out-of-Pocket Maximum (per person after deductible)	\$2,000	\$1,200	\$350
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Preventive Care	Covered at 100% with no deductible at in-network providers		
Dependents	Covered up to age 26		



Transforming Health Care in Alaska

Core Strategies & Policy Recommendations

Core Strategies for Health Care Transformation

January 2015

Alaskan Solutions for Better Health and Health Care

The Alaska Health Care Commission was established by the Legislature in 2010 to advise the State on policies for improving health and health care for all Alaskans. Commission members are appointed by the Governor.

VISION

By 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care.

We will know we have attained this vision when, compared to the other 49 states, Alaskans have:

1. The highest life expectancy
2. The highest percentage population with access to primary care
3. The lowest per capita health care spending level

APPROACH

Design policies that **enhance the consumer's role in health and health care** through:

- A) Innovations in patient-centric health care; and,
- B) Support for healthy lifestyles

For more information visit the Commission's web site at:
<http://dhss.alaska.gov/ahcc/>

I. Ensure the best available evidence is used for making decisions

Support clinicians and patients to make clinical decisions based on high grade medical evidence regarding effectiveness and efficiency of testing and treatment options. Apply evidence-based principles in the design of health insurance plans and benefits.

II. Increase price and quality transparency

Provide Alaskans with information on health care costs, prices and quality so they can make informed choices. Provide clinicians, payers and policy makers with information needed to make informed health care decisions.

III. Pay for value

Redesign payment structures to incentivize quality, efficiency and effectiveness. Support multi-payer payment reform initiatives to improve purchasing power for the consumer and minimize the burden on health care providers. Reduce fraud, waste, and abuse.

IV. Engage employers to improve health plans and employee wellness

Support employers to adopt employee health and health insurance plan improvement as a business strategy. Start with price and quality transparency, and leadership by the State Department of Administration. Reform the Alaska Workers' Compensation Act.

V. Enhance quality and efficiency of care on the front-end

Strengthen the role of primary care providers, and give patients and their clinicians better tools for making health care decisions. Improve coordination of care for patients with multiple providers, and care management for patients with chronic health conditions. Improve Alaska's Trauma system.

VI. Increase dignity and quality of care for seriously ill patients

Support Alaskans to plan in advance to ensure health care and other end of life decisions are honored. Provide secure electronic access to advance directives. Encourage provider training and education in end-of-life care. Establish a process that engages seriously and terminally ill patients in shared treatment decision-making with their clinicians. Use telehealth and redesign reimbursement methods to improve access to palliative care.

VII. Focus on prevention

Create the conditions that support and engage Alaskans to exercise personal responsibility for living healthy lifestyles. High priorities include reducing obesity rates, increasing immunization rates, increasing behavioral health screening, and integrating behavioral health and primary care.

VIII. Build the foundation of a sustainable health care system

Create the information infrastructure required for maintaining and sharing electronic health information and for analysis of health care data to drive improved quality, cost and outcomes. Support an appropriate supply and distribution of health care workers. Provide statewide leadership to facilitate health care system transformation.

Priorities, Core Strategies, and Desired Outcomes

PRIORITY A. High Quality, Affordable Health Care

CORE STRATEGY I Ensure the best available evidence is used for making decisions

- Outcome 1:** Clinicians understand and apply grades of evidence in clinical decision-making
- Outcome 2:** Patients and their clinicians partner in a shared decision-making model on clinical decisions
- Outcome 3:** Payers apply evidence-based medicine principals in health plan design and management

CORE STRATEGY II Increase price and quality transparency

- Outcome 1:** Alaskans can easily access and compare prices charged by providers and reimbursable by payers
- Outcome 2:** Alaskans can easily access and compare clinical quality and outcome of providers
- Outcome 3:** Financial performance of corporate health care entities is reported to the public on an annual basis

CORE STRATEGY III Design payment structures to incentivize quality, efficiency, effectiveness

- Outcome 1:** State agencies that purchase health care work together to align payment strategies
- Outcome 2:** Health care payers partner together and with providers to test innovative payment models
- Outcome 3:** Health care payment structures evolve away from payment for individual services to pay for outcomes

CORE STRATEGY IV Engage employers to improve health plans and employee wellness

- Outcome 1:** Alaskan employers adopt health improvement and health care value as a business strategy
- Outcome 2:** Employers increase health care price sensitivity, transparency, primary care, & healthy lifestyle support
- Outcome 3:** Employees participate as active partners in health care decisions and living healthy lifestyles

PRIORITY B. Accessible, Innovative, Patient-Driven Care

CORE STRATEGY V Enhance quality and efficiency of care on the front-end

- Outcome 1:** All Alaskans have regular and ongoing access to a primary care provider
- Outcome 2:** Alaskans coordinate their health care needs through their primary care provider
- Outcome 3:** Primary care providers are appropriately reimbursed for complex care management and coordination
- Outcome 4:** Behavioral health and primary care services are integrated and available in either setting
- Outcome 5:** Alaskans have access to high quality, comprehensive, coordinated trauma care

CORE STRATEGY VI Increase dignity and quality of care for seriously and terminally ill patients

- Outcome 1:** Alaskans plan in advance to ensure health care and other end of life decisions are honored
- Outcome 2:** Palliative care is available to every patient from the time of diagnosis of a serious illness or injury
- Outcome 3:** Clinicians and seriously ill patients use a standard form for documenting shared treatment decisions
- Outcome 4:** Patients and providers have access to information and resources on end-of-life care

PRIORITY C. Healthy Alaskans

CORE STRATEGY VII Focus on prevention

- Outcome 1:** Alaskans are a healthy weight
- Outcome 2:** Children and seniors are appropriately immunized against vaccine preventable diseases
- Outcome 3:** Behavioral health and primary care needs can be addressed in either clinical setting
- Outcome 4:** Providers screen patients for depression, alcohol/substance abuse, and adverse childhood events
- Outcome 5:** Employers facilitate employees' ability to make healthy lifestyle choices

PRIORITY D. Sustainable, Efficient, Effective Health Care System

CORE STRATEGY VIII Build the foundation of a sustainable health care system

- Outcome 1:** Health data is maintained in private, secure electronic form to facilitate proper access to information
- Outcome 2:** Telehealth technologies are used to facilitate access to and quality of health care
- Outcome 3:** Real-time electronic reporting is used for rapid identification of public health threats
- Outcome 4:** Health data is used to improve quality, efficiency, and effectiveness of health care, and public health
- Outcome 5:** Communities have the telecommunications infrastructure necessary to optimize telehealth technologies
- Outcome 6:** There is an appropriate distribution and supply of qualified health care workers available to Alaskans
- Outcome 7:** Statewide health policy development is evidence-based and coordinated

Bargaining Unity Monetary Terms

Bargaining Unit	Current Contract End Date	ABS/BU Code	FY2015			FY2016			FY2017			FY2018			NOTES		
			COLA	Health Insurance	Legal Trust	Geo Diff	Other	COLA	Health Insurance	Legal Trust	Geo Diff	Other	COLA	Health Insurance		Legal Trust	Geo Diff
Public Safety Employees Association	6/30/17	AA, AP	1.0%	Economy Plan	NA	same	NA	1.0%	Economy Plan	NA	same	2.0%	Economy Plan	NA	same		
Alaska Vocational Technical Center Teachers' Unit	6/30/17	TA	1.0%	Economy Plan	NA	same	NA	1.0%	Economy Plan	NA	same	1.0%	Economy Plan	NA	same		
Inlandboatmen's Union representing the Unlicensed Marine Unit	6/30/17	MM	NA	NA	NA	NA	NA	1.0%	Economy Plan			2.0%	Economy Plan				Marine union employees not in ABS - DOTFP tracks personal services
Marine Engineer's Beneficial Association	6/30/2014 - Interest Arbitration	BB															Marine union employees not in ABS - DOTFP tracks personal services
International Organization of Masters, Mates, and Pilots	6/30/2014 - Interest Arbitration	CC															Marine union employees not in ABS - DOTFP tracks personal services
Alaska Conventional Officers Association Labor, Trades and Credits Unit	6/30/18	GC	2.0%	Economy Plan	NA	NA	Injury leave \$8/mo	1.0%	Economy Plan	NA	same	1.0%	Economy Plan	NA	same	Injury leave \$8/mo	
Teachers' Education Association of MI, Edscombe	6/30/15	LL	1.0%	Economy Plan may not decrease	NA	NA	NA	1.0%	Economy Plan	NA	NA						
Confidential Employees Association	6/30/15	TK	1.0%	Economy Plan	NA	NA	NA	2.50%	Economy Plan	\$10/mo	NA						
Alaska Public Employees Association/Superintendency Unit	6/30/16	SS	1.0%	Economy Plan	\$12/mo	NA	NA	2.50%	Economy Plan	\$12/mo	NA						
Alaska State Employees Association/General Government Unit	6/30/16	GG, GP, GY, GZ	1.0%	Economy Plan, no less than \$1389	\$8/mo	NA	Injury leave \$8/yr	2.50%	Economy Plan, no less than \$1389	\$8/mo	NA						
Non-Covered - Executive Branch	6/30/16	EE, XE	1.0%	Economy Plan	NA	NA	NA	2.50%	Economy Plan	NA	NA						Statute change required: Gov, Lt. Gov, Commissioners set by Salary Commission
Non-Covered - Legislative Branch	6/30/16	AHC: -, -, 1, 2, 3, 4, -5, XL	1.0%	Economy Plan	NA	NA	NA	2.50%	Economy Plan	NA	NA						Statute change required: Legislatures salary set by Salary Commission
Non-Covered - Judicial Branch	6/30/16	XJ	1.0%	Economy Plan	NA	NA	NA	2.50%	Economy Plan	NA	NA						Statute change required
University Special labs in ABS benefit table - University PCH/University Labor Pool	12/31/16		1.65%	UA pays 62%			A step for eligible members	1.9%	UA pays 62%			1.9%	UA pays 62%				March 2014 new contract in negotiation process. FY2014 pay increase for April 2014 - June 2014
Alaska Higher Education Credits and Trades Employees, Local 6070			2.0%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs													
Fairbanks Freighters Association, Local 1324	12/31/15		2.0%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs													
Non-Represented Staff and Adjuncts	N/A		2.0%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs			additional day of leave										
UA Student Assistants	N/A																
United Academics-Adjuncts (UMAD)	2/28/17																
United Academics (UNA C)	12/31/16		2.0%	UA pays 62%				2.0%	UA pays 62%			2.0%	UA pays 62%				Based on number of semesters taught: 0-5 1% 6-11 2% 12+ 3%
University of Alaska Federation of Teachers (UAF-T)	12/31/17		2.5%	\$1,023.75 per employee per month, but no less than 82% of the net plan costs				2.0%	UA pays 62%			2%	Base Market/Adjunct- \$900 Lump sum				Contract ratification expected 2/28/14 with BOA approval and time end date will be 2/28/2017

DRAFT

Personal Services Bargaining Unit Position Counts And Costs by Fund Class Statewide (1522)

Scenario: FY2014 Management Plan (10697)

	Position Counts				Post-Vacancy Position Costs				Total Post-Vacancy Costs
	PFT Count	PPT Count	NP Count	Total Count	UGF Amount	DGF Amount	Other Amount	Federal Amount	
GC Corrections Officers	1,005	0	0	1,005	107,194,953	0	0	1,390,640	108,585,593
KK Confidential Employees	203	2	4	209	6,554,875	1,026,610	10,979,020	120,362	18,680,867
LL Labor, Trades & Crafts	1,475	362	91	1,928	82,811,150	5,453,526	72,877,544	5,974,045	167,116,265
SS Supervisory Employees	2,426	25	4	2,455	151,242,224	44,461,978	56,472,554	55,006,985	307,183,741
TA AK Vocational Tech Cntr Teachers	42	0	2	44	4,288,614	0	564,463	0	4,853,076
TM Teachers Educ. Assoc / Mt Edgecumbe	27	2	0	29	0	0	2,914,126	0	2,914,126
GG General Gov't Employees	356	10	26	392	15,287,740	5,209,025	9,288,907	9,071,766	38,857,438
GP General Gov't Employees	7,558	1,093	175	8,826	339,224,824	99,422,576	175,745,382	143,970,854	758,363,636
GY Youth Counselors	7	0	1	8	783,459	0	0	0	783,459
GZ Youth Counselors	237	0	15	252	23,500,393	0	0	0	23,500,393
AK State Employees Association / General Govt Unit (GGU) Total:	8,158	1,103	217	9,478	378,796,415	104,631,602	185,034,289	153,042,619	821,504,926
-- AHFC Employees	264	4	14	282	0	0	26,789,201	6,595,681	33,384,882
-1 AHFC Custodian Positions	7	0	0	7	0	0	0	497,906	497,906
-2 AHFC Laborer Positions	12	18	0	30	0	0	0	1,975,026	1,975,026
-3 AHFC Maintenance Mechanic Positions	28	1	0	29	0	0	0	3,461,049	3,461,049
-4 AHFC Lead Mechanic Positions	7	0	0	7	0	0	139,136	856,538	995,673
-5 AGDC Employees	32	0	0	32	0	0	5,281,100	0	5,281,100
EE Excluded Employees	5	1	149	155	1,240,463	119,232	1,635,036	425,879	3,420,609
XE Partially Exempt & Exempt Executive	1,486	15	118	1,619	123,902,559	19,660,624	75,325,565	6,189,482	225,078,230
Non-covered Employees Total:	1,841	39	281	2,161	125,143,022	19,779,856	109,170,038	20,001,560	274,094,476
AA Public Safety Employees	448	0	14	462	69,500,202	495,855	87,171	444,198	70,527,426

* Note: This report does not contain data for the following agencies: Court System, Legislature, and AMHS. This report does not include lump sum, boards, or University labor pool amounts.

State of Alaska
Office of Management and Budget

02-05-2015 12:44 pm

Personal Services Bargaining Unit Position Counts And Costs by Fund Class Statewide (1522)

DRAFT

Scenario: FY2014 Management Plan (10697)

	Position Counts				Post-Vacancy Position Costs				Total Post-Vacancy Costs
	PFT Count	PPT Count	NP Count	Total Count	UGF Amount	DGF Amount	Other Amount	Federal Amount	
AP Airport Security Officers	89	0	0	89	0	0	10,519,149	647,654	11,166,803
Public Safety Emmployees Association (PSEA) Total:	537	0	14	551	69,500,202	495,855	10,606,320	1,091,852	81,694,229
AA UAAFT (University)	356	9	0	365	24,590,580	4,629,035	620,624	969,776	30,810,015
IT United Academics (University)	1,045	39	0	1,084	68,517,095	25,356,702	2,654,820	13,971,932	110,500,549
TC CEA Trades & Crafts (University)	293	7	0	300	8,038,982	1,036,452	8,234,321	242,955	17,552,710
XX Non-covered employees (University)	3,033	167	0	3,200	161,316,515	47,467,714	16,756,341	24,839,570	250,380,139
University of Alaska Total:	4,727	222	0	4,949	262,463,171	78,489,903	28,266,106	40,024,233	409,243,413
Statewide Total:	20,441	1,755	613	22,809	1,187,994,627	254,339,329	476,884,459	276,652,297	2,195,870,712

* Note: This report does not contain data for the following agencies: Court System, Legislature, and AMHS. This report does not include lump sum, boards, or University labor pool amounts.

Appendix J

FY13 MMIS Medicaid Claim Activity

Medicaid Waiver Services Only								
MMIS Category of Service	Adults (21 or older)				Children (under age 21)			
	Mandatory / Optional	Net Claim Payments	Recipients	Cost per Client	Mandatory / Optional	Net Claim Payments	Recipients	Cost per Client
ADULT DAY CARE	O	\$ 3,802,121.64	481	\$7,905	O	\$ -	-	\$0
CARE COORDINATION	O	\$ 11,013,435.69	4,742	\$2,323	O	\$ 2,147,172.42	1,271	\$1,689
CHORE SERVICES	O	\$ 7,398,325.26	956	\$7,739	O	\$ 18,155.33	4	\$4,539
DAY HABILITATION	O	\$ 30,284,846.76	1,164	\$26,018	O	\$ 10,006,649.91	626	\$15,985
ENVIRONMENTAL MODIFICATIONS	O	\$ 735,664.97	145	\$5,074	O	\$ 72,743.00	12	\$6,062
INTENSIVE ACTIVE TREATMENT/THERAPY	O	\$ 613,085.56	141	\$4,348	O	\$ 703,466.04	267	\$2,635
MEALS	O	\$ 4,454,096.95	977	\$4,559	O	\$ 2,765.28	1	\$2,765
RESIDENTIAL HABILITATION	O	\$ 86,942,775.67	1,148	\$75,734	O	\$ 15,488,645.95	552	\$28,059
RESIDENTIAL SUPPORTED LIVING	O	\$ 47,710,803.33	1,308	\$36,476	O	\$ -	-	\$0
RESPIRE CARE	O	\$ 12,222,623.26	1,554	\$7,865	O	\$ 3,027,175.60	543	\$5,575
SPECIALIZED EQUIPMENT AND SUPPLIES	O	\$ 618,094.72	1,136	\$544	O	\$ 19,525.97	17	\$1,149
SPECIALIZED PRIVATE DUTY NURSING	O	\$ 1,077,376.65	11	\$97,943	O	\$ -	-	\$0
SUPPORTED EMPLOYMENT	O	\$ 7,013,298.92	418	\$16,778	O	\$ 134,890.78	10	\$13,489
TRANSPORTATION	O	\$ 6,546,502.60	1,787	\$3,663	O	\$ 29,602.34	13	\$2,277
ALL Waiver Services **	O	\$220,433,052	5,000	\$44,087	O	\$31,650,793	1,337	\$23,673

Medicaid Services, excluding Waivers and CAMA								
MMIS Category of Service	Adults (21 or older)				Children (under age 21)			
	Mandatory / Optional	Net Claim Payments	Recipients	Cost per Client	Mandatory / Optional	Net Claim Payments	Recipients	Cost per Client
ADVANCED NURSE PRACTITIONER	M	\$ 6,577,883	11,140	590.47419	M	\$ 6,560,750	19,067	344.08925
DENTAL SERVICES	M	\$ 21,816,257	19,183	1137.2704	M	\$ 35,627,346	43,398	820.94442
FAMILY PLANNING SERVICES	M	\$ 79,236	125	633.88944	M	\$ 45,197	71	636.57746
FQHC	M	\$ 4,391,756	6,959	631.09005	M	\$ 2,576,267	4,669	551.78132
HOME HEALTH SERVICES	M	\$ 1,024,714	301	3404.3667	M	\$ 15,850	7	2264.2571
ICF SERVICES	M	\$ 84,201,996	606	138947.19	M	\$ -	1	0
INPATIENT HOSPITAL SERVICES	M	\$ 88,970,754	11,991	7419.7944	M	\$ 92,904,693	10,383	8947.7697
LABORATORY SERVICES	M	\$ 2,706,109	11,283	239.83948	M	\$ 389,580	4,265	91.343479
MIDWIFERY SERVICES	M	\$ 905,124	798	1134.241	M	\$ 240,639	403	597.11883
OUTPATIENT SURGERY SERVICE	M	\$ 3,654,081	3,229	1131.6449	M	\$ 3,877,525	3,343	1159.8939
PHYSICIAN IHS CLINIC	M	\$ 18,501,732	12,313	1502.6177	M	\$ 26,102,241	22,326	1169.1409
PHYSICIAN SERVICES	M	\$ 66,490,404	42,049	1581.2601	M	\$ 50,051,148	61,048	819.86548
SHORT TERM LTC SERVICES	M	\$ 2,294,872	84	27319.901	M	\$ -	-	0
SNF SERVICES	M	\$ 9,428,727	374	25210.499	M	\$ 3,730	1	3730.4
X-RAY SERVICES	M	\$ 8,224	40	205.598	M	\$ 223	1	223.26
RURAL HEALTH SERVICES	M	\$ 7,142	45	158.70267	M	\$ 947	6	157.80333
TRANSPORTATION SERVICES	M	\$ 27,457,949	14,185	1935.7031	M	\$ 31,541,479	14,942	2110.9262
EPSDT SCREENING	M	\$ -	-	0	M	\$ 774	5	154.842
OUTPATIENT HOSPITAL SERVICES	M	\$ 68,040,581	38,508	1766.9207	M	\$ 47,491,942	47,266	1004.7802
ACCOMMODATION SERVICES	O	\$ 6,608,178	6,075	1,088	M	\$ 5,044,061	7,444	\$678
CARE COORDINATION	O	\$ 228	1	228	M	\$ 128,827	639	\$202
CASE MANAGEMENT SERVICES	O	\$ 46,458	57	815	M	\$ 1,370,918	1,141	\$1,202
CHIROPRACTIC SERVICES	O	\$ 40,678	375	108	M	\$ 213,003	925	\$230
DME SERVICES	O	\$ 5,088,173	6,877	740	M	\$ 1,824,462	1,645	\$1,109
DRUG ABUSE CENTER	O	\$ 3,387,701	807	4,198	M	\$ 2,079,919	391	\$5,319
ESRD SERVICES	O	\$ 2,987,815	304	9,828	M	\$ (23,980)	3	-\$7,993
HEARING SERVICES	O	\$ 1,723,467	1,455	1,185	M	\$ 575,272	1,193	\$482
HOSPICE CARE	O	\$ 351,637	48	7,326	M	\$ 10,765	1	\$10,765
ICF/MR SERVICES	O	\$ 1,582,073	8	197,759	M	\$ 1,831,252	12	\$152,604
INPATIENT PSYCHIATRIC SERVICES	O	\$ 332,686	159	2,092	M	\$ 53,897,956	2,996	\$17,990
MEDICAL SUPPLIES SERVICES	O	\$ 7,547,539	7,473	1,010	M	\$ 4,513,167	2,949	\$1,530
MENTAL HEALTH SERVICES	O	\$ 25,856,093	5,838	4,429	M	\$ 66,494,673	6,493	\$10,241
NUTRITION SERVICES	O	\$ 10,176	163	62	M	\$ 44,437	1,282	\$75
OCCUPATIONAL THERAPY	O	\$ 115,945	135	859	M	\$ 3,808,036	1,081	\$3,523
PERSONAL CARE SERVICES	O	\$ 123,004,302	5,250	23,429	M	\$ 3,781,921	137	\$27,605
PODIATRY	O	\$ 81,479	963	85	M	\$ 143,892	323	\$445
PRESCRIBED DRUGS	O	\$ 43,338,211	31,397	1,380	M	\$ 23,075,312	48,193	\$479
PRIVATE DUTY NURSING	O	\$ (550)	1	(550)	M	\$ 3,541,766	23	\$153,990
PROSTHETICS AND ORTHOTICS	O	\$ 781,620	505	1,548	M	\$ 546,571	397	\$1,379
PSYCHOLOGY SERVICES	O	\$ 474,611	540	879	M	\$ 2,224,831	1,172	\$1,898
REHABILITATIVE SERVICES	O	\$ 2,084,746	1,816	1,148	M	\$ 17,477,033	3,959	\$4,415
RESIDENTIAL HABILITATION	O	\$ -	-	-	M	\$ 381,000	39	\$9,769
RESPIRE CARE	O	\$ -	-	-	M	\$ 4,047	4	\$1,012
VISION SERVICES	O	\$ 2,901,844	14,809	196	M	\$ 3,614,750	17,119	\$211
Mandatory Services **	M	\$406,557,540	53,738	\$7,566	M	\$494,034,201	92,013	\$5,369
Optional Services (excluding waivers) **	O	\$228,345,109	42,433	\$5,381	O	\$0	-	-
ALL Non-Waivers Services **	M + O	\$634,902,649	55,695	\$11,400	M + O	\$494,034,201	92,013	\$5,369

** (net total payments, unduplicated annual recipients, and average annual cost per client)

MMIS coding for categories of service approximates the types of required and optional services offered under Alaska Medicaid.

Most clients use both required and optional services over the course of a year. The cost per client for combined Medicaid services was calculated as net claim payments/unduplicated annual recipients.

Source: DHSS, FMS, Budget Section, Medicaid Budget Group using MMIS/JUCE data for FY2013

Fund Sources & Fund Groups

Funding Codes Currently in Use as of 10/4/2012
(Alphabetical Order)

FUND_CODE	FUND_SHORT_NAME	FUND_LONG_NAME
1148	AATP Fund (Other)	Accelerated Alaska Transportation Projects Fund
1190	Adak Air (Fed)	Adak Airport Operations
1021	Agric RLF (DGF)	Agricultural Revolving Loan Fund
1011	AAC'S Fund (Other)	Alaska Advance College Tuition Savings Fund
1101	AAC Fund (Other)	Alaska Aerospace Corporation Fund
1197	AK Cap Fnd (DGF)	Alaska Capital Income Fund
1209	Capstone (DGF)	Alaska Capstone Avionics Revolving Loan Fund
1075	Cln Wtr Fd (Other)	Alaska Clean Water Fund
1106	ACPE Rpts (Other)	Alaska Commission on Postsecondary Education Receipts
1044	ADRF (Other)	Alaska Debt Retirement Fund
1100	Drk Wtr Fd (Other)	Alaska Drinking Water Fund
1107	AEA Rpts (Other)	Alaska Energy Authority Corporate Receipts
1152	AFSC Rpts (Other)	Alaska Fire Standards Council Receipts
1198	F&GRvBond (Other)	Alaska Fish and Game Revenue Bond Redemption Fund
1226	High Ed (DGF)	Alaska Higher Education Investment Fund
1213	AHCC (UGF)	Alaska Housing Capital Corporation Receipts
1139	AHFC Div (UGF)	Alaska Housing Finance Corporation Dividend
1103	AHFC Rpts (Other)	Alaska Housing Finance Corporation Receipts
1113	AHFC Bonds (Other)	Alaska Housing Finance Corporation Statewide Bonds
1102	AIDEA Rpt (Other)	Alaska Industrial Development & Export Authority Receipts
1140	AIDEA Div (UGF)	Alaska Industrial Development and Export Authority Dividend
1135	AMHS Dup (DGF)	Alaska Marine Highway System Duplicated Expenditures
1076	Marine Hwy (DGF)	Alaska Marine Highway System Fund
1227	Micro RLF (DGF)	Alaska Microloan ROF
1104	AMBB Rpts (Other)	Alaska Municipal Bond Bank Receipts
1162	AOGCC Rct (DGF)	Alaska Oil & Gas Conservation Commission Receipts
1125	APA Plant (DGF)	Alaska Power Authority Plant Maint & Op - FY88
1110	APUC Rpts (DGF)	Alaska Public Utility Commission Receipts
1131	ARRC Fund (DGF)	Alaska Railroad Corporation Revenue Fund - FY85, FY86, FY87
1199	Sportfish (Other)	Alaska Sport Fishing Enterprise Account
1186	ASLC Bonds (Other)	Alaska Student Loan Corporation Bonds
1150	ASLC Div (UGF)	Alaska Student Loan Corporation Dividend
1181	Vets Endow (Other)	Alaska Veterans' Memorial Endowment Fund
1180	AID T&P Fd (DGF)	Alcohol and Other Drug Abuse Treatment & Prevention Fund
1013	Al/Drig RLF (Fed)	Alcoholism and Drug Abuse Revolving Loan Fund
1071	Alt Energy (DGF)	Alternative Energy Revolving Loan Fund
1084	Alyeska (Other)	Alyeska Settlement Fund
1082	Vessel Rep (UGF)	AMHS Vessel Replacement Fund
1202	Anat Fnd (DGF)	Anatomical Gift Awareness Fund
1145	AIPP Fund (Other)	Art in Public Places Fund
1218	146(c)code (DGF)	AS 37.05.146(c) codes that are not GFPR
1205	Ocn Ranger (DGF)	Berth Fees for the Ocean Ranger Program
1216	Boat Rpts (Other)	Boat Registration Fees
1172	Bldg Safe (DGF)	Building Safety Account
1208	Fuel Bridg (DGF)	Bulk Fuel Bridge Loan Fund
1074	Bulk Fuel (DGF)	Bulk Fuel Revolving Loan Fund
1175	BLI&Corp (DGF)	Business License & Corporation Filing Fees and Taxes
1061	CIP Rpts (Other)	Capital Improvement Project Receipts

Funding Codes Currently in Use as of 10/4/2012
(Alphabetical Order)

FUND_CODE	FUND_SHORT_NAME	FUND_LONG_NAME
1123	CareTrmt (DGF)	Care and Treatment - FY88
1163	COP (Other)	Certificates of Participation
1068	Child Care (DGF)	Child Care Facility Revolving Loan Fund
1128	Child Sup (DGF)	Child Support Enforcement - FY88
1098	ChildTrEm (DGF)	Children's Trust Earnings
1089	ChildTPm (DGF)	Children's Trust Principal
1221	Legal Serv (DGF)	Civil Legal Services Fund
1093	Clean Air (Other)	Clean Air Protection Fund
1144	CWF Bond (Other)	Clean Water Fund Bond Receipts
1223	CharterRLF (DGF)	Commercial Charter Fisheries RLF
1201	CFEC Rpts (DGF)	Commercial Fisheries Entry Commission Receipts
1036	Cm Fish Ln (DGF)	Commercial Fishing Loan Fund
1166	Vessel Com (DGF)	Commercial Passenger Vessel Environmental Compliance Fund
1206	CPV Tax (Other)	Commercial Passenger Vessel Tax
1225	Quota RLF (DGF)	Community Quota Entity RLF
1165	CBRMH (UGF)	Constitutional Budget Reserve / Mental Health
1001	CBR Fund (Other)	Constitutional Budget Reserve Fund
1126	Cont Reimb (Other)	Contract Services Reimbursement - FY88
1059	Corr Ind (DGF)	Correctional Industries Fund
1220	Crime VCF (Other)	Crime Victim Compensation Fund
1211	Gamble Tax (UGF)	Cruise Ship Gambling Tax
1133	CSSD Admin (Fed)	CSSD Administrative Cost Reimbursement
1016	CSSD Fed (Fed)	CSSD Federal Incentive Payments
1137	DComp IA (Other)	Deferred Compensation Inter-Agency Receipts
1191	DEED CIP (DGF)	DEED CIP Fund Equity Account
1116	Dis Relief (Other)	Disaster Relief Fund
1014	Donat Comm (Fed)	Donated Commodity/Handling Fee Account
1159	DWF Bond (Other)	Drinking Water Fund Bond Receipts
1083	Educ Facil (DGF)	Education Facilities Maint & Construction Fund
1046	Educ Loan (Other)	Education Loan Fund
1182	Ed Cn/Mnt (Other)	Educational and Museum Facility Design/Const/Major/Maint Fund
1185	Elect Fund (Other)	Election Fund
1056	Elect Svc (DGF)	Electrical Service Extension Fund
1219	Engy Tech (Other)	Emerging Energy Technology Fund
1158	Emp Pay (Other)	Employee Pay
1114	EVOS Rest (Other)	Exxon Valdez Oil Spill Restoration Fund
1018	EVOS Trust (Other)	Exxon Valdez Oil Spill Trust
1043	Impact Aid (Fed)	Federal Impact Aid for K-12 Schools
1187	Fed MH (Fed)	Federal Mental Health
1002	Fed Rpts (Fed)	Federal Receipts
1212	Stimulus09 (Fed)	Federal Stimulus: ARRA 2009
1033	Surpl Prop (Fed)	Federal Surplus Property Revolving Fund
1188	Fed Unstr (Fed)	Federal Unrestricted Receipts
1146	Fee Supp (DGF)	Fee Supported Increase
1134	F&G CFP (DGF)	Fish and Game Criminal Fines and Penalties
1024	Fish/Game (Other)	Fish and Game Fund
1194	F&G NonDed (DGF)	Fish and Game Nondedicated Receipts
1070	FishEn RLF (DGF)	Fisheries Enhancement Revolving Loan Fund

Fund Sources & Fund Groups

Funding Codes Currently in Use as of 10/4/2012
(Alphabetical Order)

FUND_CODE	FUND_SHORT_NAME	FUND_LONG_NAME
1032	Fish Fund (DGF)	Fishermen's Fund
1111	FishFndInc (DGF)	Fishermen's Fund Income
1023	FICA Acct (Other)	FICA Administration Fund Account
1090	4 Dam Pool (DGF)	Four Dam Pool Transfer Fund
1037	GF/MH (UGF)	General Fund / Mental Health
1003	G/F Match (UGF)	General Fund Match
1006	GF/MHTIA (Other)	General Fund/Mental Health Trust Income Account
1005	GF/Prgrm (DGF)	General Fund/Program Receipts
1091	GF/Desig (DGF)	General Funds - Designated
1008	G/O Bonds (Other)	General Obligation Bonds
1184	GOB DSFUND (Other)	General Obligation Bond Debt Service Fund
1173	GF MiscEam (UGF)	GF Miscellaneous Earnings
1077	Gifts/Gnt (Other)	Gifts/Grants/Bequests
1020	Grain Fund (DGF)	Grain Reserve Loan Fund
1017	Group Ben (Other)	Group Health and Life Benefits Fund
1097	AETNA Res (Other)	Group Health and Life Benefits Fund (AS 39.30.095)
1130	Handcap Fn (Fed)	Handicapped Vendor Facility Fund - FY88
1138	Hlth I/A (Other)	Health Inter-Agency Receipts
1026	Hwy/Capital (Other)	Highways Equipment Working Capital Fund
1069	Hist Dist (DGF)	Historical District Revolving Loan Fund
1064	House Loan (DGF)	Housing Assistance Revolving Loan Fund
1081	Info Svc (Other)	Information Services Fund
1055	IA/OIL HAZ (Other)	Inter-Agency/Oil & Hazardous Waste
1007	I/A Rcpts (Other)	Interagency Receipts
1112	IntAptCons (Other)	International Airports Construction Fund
1027	IntAirport (Other)	International Airports Revenue Fund
1177	ITBEndEam (DGF)	International Trade and Business Endowment
1115	ITBEndEam (DGF)	International Trade and Business Endowment Earnings
1053	Invst Loss (UGF)	Investment Loss Trust Fund
1096	----- (UGF)	Investment Loss Trust Fund (error)
1042	Jud Retire (Other)	Judicial Retirement System
1129	Legal Recp (UGF)	Legal Settlement Receipts - FY88
1122	LIC/PER/CT (DGF)	License/Permits/Certification Pre 89
1193	MaintGrant (DGF)	Major Maintenance Grant Fund
1224	MaricuirRLF (DGF)	Mariculture RLF
1160	M/C Protec (Fed)	Marine/Coastal Protection
1196	Master LOC (Other)	Master Lease Line of Credit
1095	Med Facil (Other)	Medical Facilities Special Bond Guarantee Account
1094	MHT Admin (Other)	Mental Health Trust Administration
1092	MHTAAR (Other)	Mental Health Trust Authority Authorized Receipts
1192	Mine Trust (Other)	Mine Reclamation Trust Fund
1067	Mining RLF (DGF)	Mining Revolving Loan Fund
1120	Motor Fuel (UGF)	Motor Fuel Tax Increase
1121	MultiFunds (Other)	Multiple Funds pre FY94
1087	Muni Match (DGF)	Municipal Capital Project Matching Grant Fund
1045	Nat Guard (Other)	National Guard Retirement System
1063	NPR Fund (Fed)	National Petroleum Reserve-Alaska Special Revenue Fund
1217	NGF Eam (Other)	Non-GF Miscellaneous Earnings

Funding Codes Currently in Use as of 10/4/2012
(Alphabetical Order)

FUND_CODE	FUND_SHORT_NAME	FUND_LONG_NAME
1052	Oil/Haz Fd (DGF)	Oil/Hazardous Release Prevention & Response Fund
1060	OF(Pre'84) (Other)	Other Funds (Pre-FY '84 Only)
1179	PFC (Other)	Passenger Facility Charges
1050	PFD Fund (DGF)	Permanent Fund Dividend Fund
1041	PF ERA (DGF)	Permanent Fund Earnings Reserve Account
1105	PF Gross (Other)	Permanent Fund Gross Receipts
1171	PFD Crim (DGF)	PFD Appropriations in lieu of Dividends to Criminals
1118	Pioneers' (DGF)	Pioneers' Homes Receipts
1089	PCE Fund (DGF)	Power Cost Equalization & Rural Electric Capitalization Fund
1169	PCE Endow (DGF)	Power Cost Equalization Endowment Fund
1073	Pwr Dv RLF (DGF)	Power Development Revolving Loan Fund
1062	Power Proj (DGF)	Power Project Fund
1028	Pre90 PRGM (DGF)	Pre-FY90 Program Receipts
1147	PublicBldg (Other)	Public Building Fund
1029	PERS Trust (Other)	Public Employees Retirement Trust Fund
1066	Pub School (DGF)	Public School Trust Fund
1132	Publ/Other (DGF)	Publications and Other Services - FY88
1012	Rail Emrg (UGF)	Railbelt Energy Fund
1085	Rail InTie (DGF)	Railbelt Interie Reserve Fund
1040	Surety Fnd (Other)	Real Estate Surety Fund
1156	Rcpt Svcs (DGF)	Receipt Supported Services
1207	RCS Impact (Other)	Regional Cruise Ship Impact Fund
1141	RCA Rcpts (DGF)	Regulatory Commission of Alaska Receipts
1210	Ren Energy (DGF)	Renewable Energy Grant Fund
1161	RRD Fund (DGF)	Renewable Resources Development Fund
1072	Res Energy (DGF)	Residential Energy Conservation Fund
1124	Res Assespt (DGF)	Resource Assessment Receipts - FY88
1000	Resrtdt GF (DGF)	Restricted General Fund
1143	RHIF/LTC (Other)	Retiree Health Insurance Fund/Long-Term Care
1142	RHIF/MM (Other)	Retiree Health Insurance Fund/Major Medical
1009	Rev Bonds (Other)	Revenue Bonds
1222	REAA Fund (DGF)	REAA Fund
1164	Rural Dev (DGF)	Rural Development Initiative Fund
1051	RuralEcbDev (DGF)	Rural Economic Development Initiative Fund
1065	Rural Elec (DGF)	Rural Electrification Revolving Loan Fund
1080	Schl Const (DGF)	School Construction Grant Fund
1030	School Fnd (DGF)	School Fund
1025	Sci/Tech (DGF)	Science & Technology Endowment Income
1176	Sci/T End (DGF)	Science and Technology Endowment
1031	Sec Injury (DGF)	Second Injury Fund Reserve Account
1189	SeniorCare (DGF)	Senior Care Fund
1078	Sr Housing (DGF)	Senior Housing Revolving Loan Fund
1154	Shore Fish (DGF)	Shore Fisheries Development Lease Program
1170	SBED RLF (DGF)	Small Business Economic Development Revolving Loan Fund
1057	Small Bus (DGF)	Small Business Revolving Loan Fund
1086	SE Energy (DGF)	Southeast Energy Fund
1195	SpecVehRct (DGF)	Special Vehicle Registration Receipts
1022	Corp Receipts	State Corporation Receipts

Fund Sources & Fund Groups

Funding Codes Currently in Use as of 10/4/2012 (Alphabetical Order)

FUND_CODE	FUND_SHORT_NAME	FUND_LONG_NAME
1153	State Land (DGF)	State Land Disposal Income Fund
1019	Reforest (DGF)	State Land Reforestation Fund
1054	STEP (DGF)	State Training & Employment Program
1108	Stat Desig (Other)	Statutory Designated Program Receipts
1136	SBS IA (Other)	Supplemental Benefits Systems Inter-Agency Receipts
1178	temp code (DGF)	temporary code
1034	Teach Ret (Other)	Teachers Retirement Trust Fund
1151	VoTech Ed (DGF)	Technical Vocational Education Program Receipts
1109	Test Fish (DGF)	Test Fisheries Receipts
1155	Timber Rcp (DGF)	Timber Sale Receipts
1119	Tobac Setl (UGF)	Tobacco Settlement
1167	TobSetSale (Other)	Tobacco Settlement Revenue Sale
1168	Tob ED/CES (DGF)	Tobacco Use Education and Cessation Fund
1058	Tour RLF (DGF)	Tourism Revolving Loan Fund
1049	Trng Bldg (DGF)	Training and Building Fund
1149	TAPL (Fed)	Trans-Alaska Pipeline System Liability Fund
1183	Trans Proj (Other)	Transportation Project Fund
1228	UGFSequest (UGF)	UGF Associated with Sequestration
1079	Tank RLF (DGF)	Underground Storage Tank Revolving Loan Fund
1215	UCR Rcpts (Other)	Unified Carrier Registration Receipts
1088	Uninc Mich (DGF)	Unincorporated Community Capital Matching Grant Fund
1015	UA/DFA SVC (DGF)	University of Alaska Dormitory/Food/Auxiliary Service
1039	UA/ICR (DGF)	University of Alaska Indirect Cost Recovery
1010	UA/INT INC (DGF)	University of Alaska Interest Income
1174	UA/IA (Other)	University of Alaska Intra-Agency Transfers
1048	Univ Rcpt (DGF)	University of Alaska Restricted Receipts
1038	UA/STF SVC (DGF)	University of Alaska Student Tuition/Fees/Services
1004	Gen Fund (UGF)	Unrestricted General Fund Receipts
1127	User Fees (DGF)	User Fees - FY88
1047	SSBG (Fed)	USHHS Social Services Block Grant
1200	VehRntlTax (DGF)	Vehicle Rental Tax Receipts
1035	Vets RLF (DGF)	Veterans Revolving Loan Fund
1117	Voc Smbus (Other)	Vocational Rehabilitation Small Business Enterprise Fund
1214	WhitTunnel (Other)	Whittier Tunnel Tolls
1203	WCBenGF (DGF)	Workers Compensation Benefits Guarantee Fund
1157	Wkrks Sale (DGF)	Workers Safety and Compensation Administration Account



Appendix L

Executive Budget Act

Sec. 37.07.014. Responsibilities of the legislature. (a) To carry out its legislative power under art. II, sec. 1, Constitution of the State of Alaska, and to promote results-based government, the legislature shall issue a mission statement for each agency and the desired results the agency should achieve. The legislature may issue a separate mission statement for a subunit of an agency. A mission statement and desired results should promote the efficient, measured use of the state's resources. A mission statement and desired results constitute policy under which an agency shall operate, and, where appropriate, the mission statement may be implemented by statute.

(b) The legislature shall provide for a budget review function that promotes results-based government. The legislature shall adopt a method of measuring results for each agency, and measurements shall be reported semi-annually by each agency to the legislature. The reports shall be used by the legislature to evaluate whether the mission and desired results for that agency or subunit of the agency are being achieved.

(c) The legislature shall analyze the comprehensive operating and capital improvements programs and financial plans recommended by the governor.

(d) To foster results-based government, to carry out the mission statements, and to obtain desired results, the legislature shall authorize the comprehensive operating and capital improvements programs and financial plans. The legislature shall allocate the state's resources for effective and efficient delivery of public services by

- (1) clearly identifying desired results;
- (2) setting priorities;
- (3) assigning accountability; and
- (4) using methods for measuring, reporting, and evaluating results.

Introduced: 1/21/83
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 105

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating for the operating and capital
7 expenses and Permanent Fund Dividend Program of the
8 state government; and providing for an effective
9 date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The following items are appropriated for operating expen-
12 ditures from the general fund or other funds to the state agencies named,
13 for the fiscal year beginning July 1, 1983 and ending June 30, 1984:

		APPROPRIATION FUND SOURCES	
	APPROPRIATIONS	GENERAL FUND	OTHER FUNDS
16 Office of the Governor	\$ 16,285,600	\$ 16,019,600	\$ 266,000
17 Department of Administration	175,656,900	127,699,800	47,957,100
18 Department of Law	18,723,200	15,136,500	3,586,700
19 Department of Revenue	37,446,600	27,119,300	10,327,300
20 Department of Education	597,181,500	549,350,600	47,830,900
21 Department of Health &			
22 Social Services	343,385,300	251,503,100	91,882,200
23 Department of Labor	39,704,600	9,467,800	30,236,800
24 Department of Commerce &			
25 Economic Development	52,893,500	42,735,000	10,158,500
26 Department of Military			
27 Affairs	10,011,800	6,350,300	3,661,500
28 Department of Natural			
29 Resources	49,919,600	39,333,000	10,586,600

1	Department of Fish & Game	71,758,800	46,882,400	24,876,400
2	Department of Public Safety	78,830,600	77,335,000	1,495,600
3	Department of Transportation			
4	& Public Facilities	298,639,600	185,233,200	113,406,400
5	Department of Environmental			
6	Conservation	13,477,000	11,776,100	1,700,900
7	Department of Community &			
8	Regional Affairs	41,753,000	26,900,300	14,852,700
9	Legislative Budget & Audit	37,236,800	37,236,800	
10	Alaska Court System	37,528,700	37,528,700	
11	University of Alaska	245,862,200	152,482,700	93,379,500
12	State Bond Committee	180,620,000	178,655,000	1,965,000

13 * Sec. 2. The following items are appropriated for capital projects
 14 from the general fund or other funds to the state agencies named and are
 15 effective immediately in accordance with AS 01.10.070(c):

16		APPROPRIATION FUND SOURCES		
17		APPROPRIATIONS	GENERAL FUND	OTHER FUNDS
18	Department of Adminis-			
19	tration	\$ 16,476,100	\$ 16,476,100	\$
20	Department of Revenue	3,000,000	3,000,000	
21	Department of Education	61,905,600	61,905,600	
22	Department of Health &			
23	Social Services	83,856,600	83,856,600	
24	Department of Labor	835,900	445,100	390,800
25	Department of Commerce &			
26	Economic Development	143,996,000	143,896,000	100,000
27	Department of Military			
28	Affairs	2,875,800	2,725,800	150,000
29	Department of Natural			

1	Resources	28,152,500	26,039,000	2,113,500
2	Department of Fish & Game	10,435,700	10,435,700	
3	Department of Public Safety	8,530,800	8,530,800	
4	Department of Transportation			
5	& Public Facilities	467,514,100	252,017,400	215,496,700
6	Department of Environmental			
7	Conservation	75,437,300	75,437,300	
8	Department of Community &			
9	Regional Affairs	195,052,500	195,052,500	
10	University of Alaska	64,262,300	64,262,300	
11	Alaska Court System	1,410,900	1,410,900	
12	State Loan Programs	350,078,500	294,508,900	55,569,600

13 * Sec. 3. The following items are appropriated from the undistributed
14 income account of the Alaska permanent fund (AS 37.13.145) for the purposes
15 set out below for the fiscal year ending June 30, 1984:

16	Department of Revenue			
17	Reinvestment of Permanent Fund		\$101,000,000	
18	Department of Administration			
19	Longevity Bonus		30,400,000	
20	Department of Community & Regional			
21	Affairs			
22	Revenue Sharing -- Municipal			
23	Assistance		<u>141,400,000</u>	
24	TOTAL		\$272,800,000	

25 * Sec. 4. The following is the operating and capital budget summary by
26 funding source:

27		OPERATING	CAPITAL	TOTAL
28	FUNDING SOURCE	BUDGET	BUDGET	BUDGET
29	Federal Receipts	\$ 196,801,200	\$ 190,035,000	\$ 386,836,200

1	General Fund Match	70,685,500	4,212,900	74,898,400
2	General Fund	1,768,059,700	1,235,787,100	3,003,846,800
3	Inter-Agency Receipts	147,646,800		147,646,800
4	Agricultural Loan Fund	567,100		567,100
5	FICA Administration Fund			
6	Account	89,700		89,700
7	Fish and Game Fund	6,255,000		6,255,000
8	Highway Working Capital			
9	Fund	26,636,400	17,600,000	44,236,400
10	International Airport			
11	Revenue Fund	25,129,000	1,300,000	26,429,000
12	Program Receipts	40,682,000	64,819,600	105,501,600
13	Public Employees			
14	Retirement Fund	2,293,200		2,293,200
15	School Fund (Cigarette			
16	Tax)	2,500,000		2,500,000
17	Second Injury Fund			
18	Reserve Account	1,887,400		1,887,400
19	Disabled Fishermans			
20	Reserve Account	1,280,500		1,280,500
21	Surplus Property			
22	Revolving Fund	204,300		204,300
23	Teachers Retirement			
24	System Fund	1,873,500		1,873,500
25	Veterans Revolving Loan			
26	Fund	877,300		877,300
27	Student Fees, University			
28	of Alaska	13,165,400		13,165,400
29	Indirect Cost Recovery	7,223,300		7,223,300

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Public Law 81-874/General

Fund	10,891,000		10,891,000
Title 20	4,113,700		4,113,700
Restricted Receipts, U of A	17,603,800		17,603,800
Training and Building Fund	<u>449,500</u>	<u>66,000</u>	<u>515,500</u>
*** TOTALS ***	\$2,346,915,300	\$1,513,820,600	\$3,860,735,900

* Sec. 5. A sum is appropriated from the general fund necessary to pay interest on revenue anticipation notes issued by the commissioner of revenue under AS 43.08.010.

* Sec. 6. Federal or other program receipts which exceed the amounts appropriated in this Act are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h).

* Sec. 7. This Act, except for sec. 2, takes effect July 1, 1983.



COMMONWEALTH
NORTH

Commonwealth North is a non-profit corporation, organized and existing under the laws of the State of Alaska. Non-partisan in nature, its purpose is to inject enlightened vitality into the world of commerce and public policy. As well as providing a forum for State and National speakers, working committees study critical issues facing Alaska and prepare well-researched action papers, such as this one.

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