

# State of Alaska Office of Management and Budget

Building the Budget: A Policy Driven Approach  
Presentation to the Senate Finance Committee  
January 23, 2019  
Director Donna Arduin



THE STATE  
of **ALASKA**  
GOVERNOR MICHAEL J. DUNLEAVY

## Building the Budget: Eliminate Budget Silos

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- Bringing Administrative Services Directors into OMB
  - Collaborating with and across departments
  - Identifying redundancies
- Establishing Policy Teams across Departments
  - Boards and Commissions
  - Regulatory reform
  - Healthcare coordination
  - State asset inventory and divestiture

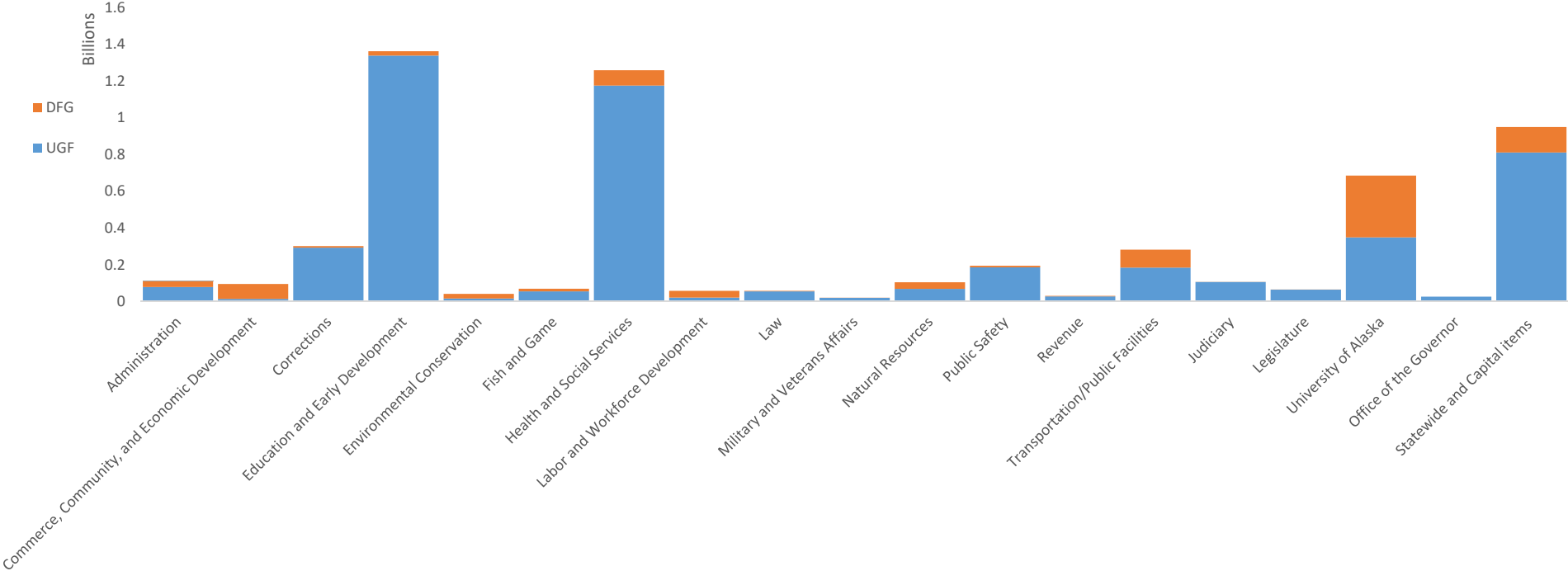
# Building the Budget: Define the Problem

	<b>FY2019 Management Plan plus Supplementals</b>					<b>FY2020 Governor Preliminary</b>				
	<b>Unrestricted General Funds</b>	<b>Designated General Funds</b>	<b>Other State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>	<b>Unrestricted General Funds</b>	<b>Designated General Funds</b>	<b>Other State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Unrestricted General Fund Revenues	2,787.2				2,787.2	2,265.0				2,265.0
Statutory ERA Draws for Government	1,699.4				1,699.4	989.1				989.1
Restricted Revenue		1,002.0	772.8	3,780.7	5,555.6		931.7	721.9	3,783.0	5,436.6
<b>REVENUE</b>	<b>4,486.6</b>	<b>1,034.8</b>	<b>774.8</b>	<b>3,781.3</b>	<b>10,077.4</b>	<b>3,254.1</b>	<b>931.7</b>	<b>721.9</b>	<b>3,783.0</b>	<b>8,690.7</b>
<b>APPROPRIATIONS</b>										
<b>Total Operating</b>	4,599.7	922.0	696.9	2,671.6	8,890.3	4,711.0	855.1	678.8	2,719.5	8,964.4
<b>Agency Operations</b>	3,954.7	790.3	638.8	2,643.7	8,027.5	4,070.2	793.0	632.4	2,683.0	8,178.6
<b>Statewide Operations</b>	645.0	131.7	58.1	27.9	862.7	640.8	62.1	46.4	36.5	785.8
<b>Total Capital</b>	150.0	112.8	77.9	1,109.6	1,450.3	169.9	76.6	43.2	1,063.5	1,353.1
<b>Total Operating and Capital Appropriations</b>	<b>4,749.8</b>	<b>1,034.8</b>	<b>774.8</b>	<b>3,781.3</b>	<b>10,340.6</b>	<b>4,881.0</b>	<b>931.7</b>	<b>721.9</b>	<b>3,783.0</b>	<b>10,317.5</b>
<b>(Deficit)/ Surplus</b>	<b>(263.2)</b>					<b>(1,626.9)</b>				



# Building the Budget: Where is the money going?

State Spending - UGF and DGF



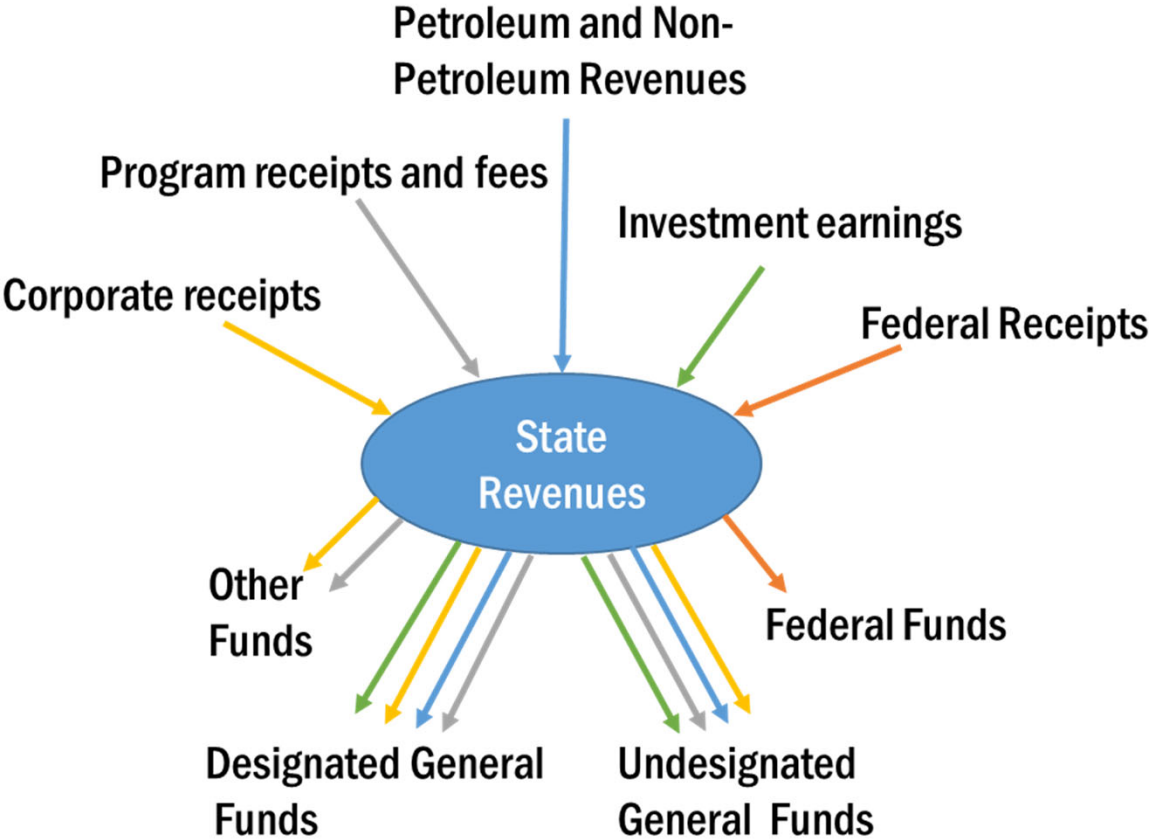
## Building the Budget: Combine UGF and DGF

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- The Alaska Constitution does not allow for designated funds
- State spending is State spending – all programs should compete for available dollars
- Examples of designated funds:
  - Alcohol Tax
  - Vehicle Rental Tax
  - Motor Fuel Tax
  - Fees

	UGF	DGF	%DGF
FY14	6,410.4	691.6	10%
FY15	5,483.0	722.2	12%
FY16	5,078.2	764.5	13%
FY17	4,262.4	934.1	18%
FY18	4,220.5	960.5	18%
FY19	4,570.0	894.5	16%

# Building the Budget: Colors of Money



## Building the Budget: Guiding Principals

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- Revenues = Expenditures
- Maintain reserves
- Department missions should drive Department programs
- Statute and regulation reform to reduce or eliminate programs
- Policy driven proposals
- Doing less with less



## Building the Budget: A policy-driven approach

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- Consistent policies
- Core services alignment
- Program Prioritization
- Research: Metrics, Outcomes, Best Practices



## Building the Budget: Consistent Policies

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- Reducing Dependence
- Business Process Realignment
- Unleashing entrepreneurialism
- Program Reform
- Maximizing return on assets
- Outsourcing
- Reducing regulatory burden
- Eliminate duplication
- Non-essential programs
- User pay

## Building the Budget: Core Services Alignment

### Department of Environmental Conservation

Mission: Protect human health and the environment. AS 46.03.010, AS 44.46.020

Core Services (in priority order)	UGF	DGF	Other	Fed	Total	PFT	PP T	NP	% GF
Protecting Human Health	10,953.4	7,538.9	8,966.9	12,491.3	39,850.5	236	0	1	45.9%
Protecting the Environment	4,438.4	17,381.0	8,617.0	10,965.0	41,401.4	248	0	0	54.1%
FY2019 Management Plan	15,391.8	24,919.9	17,583.9	23,251.9	81,251.9	484	0	1	



## Building the Budget: Program Prioritization

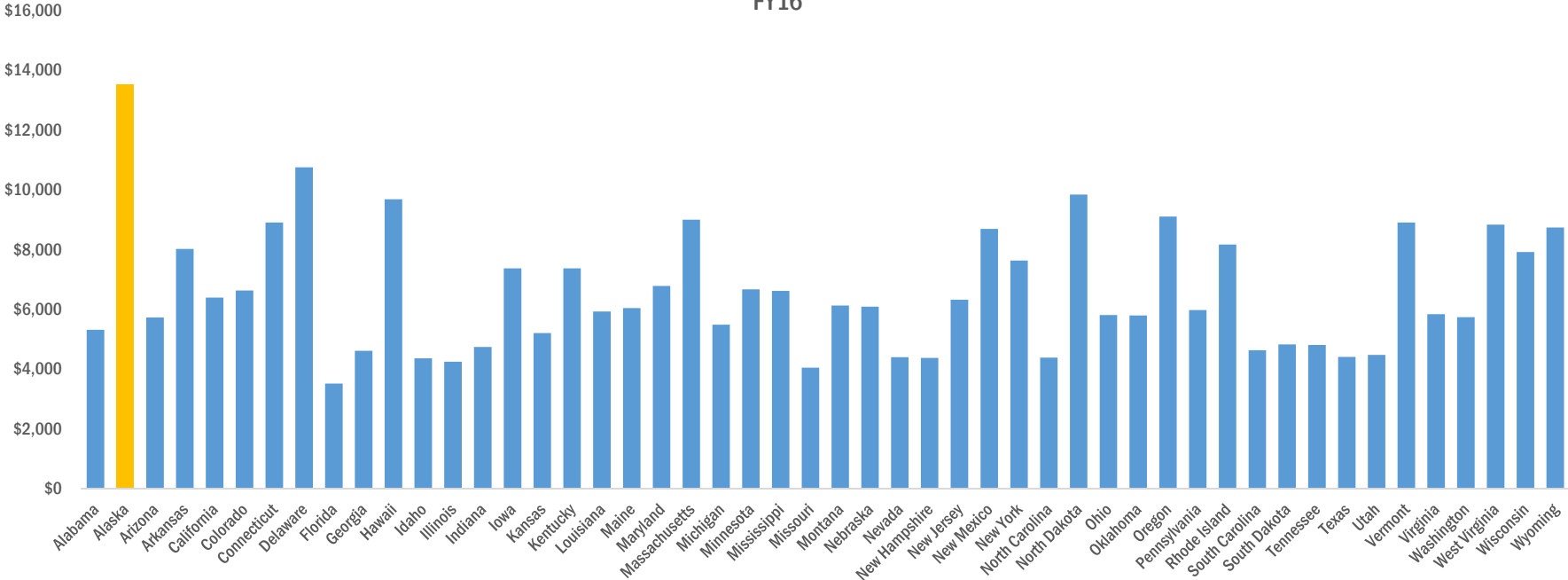
### Department of Environmental Conservation (excerpt from full prioritization)

Priority	Program	Core Service	Cost				
High	EH Manufactured Food/Seafood	Protect Human Health	\$918.8 FED, \$102.2 UGF, \$522.3 DGF	Medium	EH Retail Food	Protect Human Health	\$91.9 FED, \$107.3 UGF, \$1,792.2 DGF
High	EH Building Maintenance and Operations	Protect Human Health	\$646.6 UGF	Medium	EH Shellfish Permitting, and Shellfish and Food Safety Testing	Protect Human Health	\$281.6 UGF, \$52.8 DGF, \$457.7 Other
High	EH Animal Health and Traceability	Protect Human Health	\$144.1 FED, \$302.0 UGF	Medium	SPAR Cost Recovery	Protect Human Health Protect the Environment	\$121.6 FED, \$308.8 DGF
High	EH Food Safety Testing	Protect Human Health	\$29.8 FED, \$613.1 UGF, \$18.8 DGF	Medium	SPAR State Lead Contaminated Site Cleanup	Protect Human Health Protect the Environment	\$87.5 DGF, \$207.4 Other
High	EH Laboratory Certification	Protect Human Health	\$227.1 FED, \$192.9 UGF \$96.5 DGF	Medium	SPAR Class 2 Facility Prevention and Preparedness	Protect Human Health Protect the Environment	\$514.7 DGF
High	EH Pesticides	Protect Human Health	\$211.0 FED, \$822.2 DGF	Medium	SPAR Scientific Support	Protect Human Health Protect the Environment	\$514.7 DGF
High	EH Solid Waste Management	Protect Human Health	\$200.0 FED, \$1,059.8 UGF, \$391.7 DGF, \$20.5 Other	Low	EH Public Facilities	Protect Human Health	\$12.3 UGF, \$20.5 Other
				Low	EH Produce Safety	Protect Human Health	\$300.0 FED
				Low	EH Dairy Program	Protect Human Health	\$183.4 UGF
				Low	EH Fish Tissue Testing	Protect Human Health	\$322.4 Other
				Low	SPAR Brownfields	Protect the Environment	\$875.2 FED
Medium	EH Retail Food	Protect Human Health	\$91.9 FED, \$107.3 UGF, \$1,792.2 DGF	Low	Water Ocean Rangers	Protect Human Health Protect the Environment	\$3,409.1 Other



# Building the Budget: Metrics, Outcomes, Best Practices

Total Per Capita State Spending (all fund sources)  
FY16



Source: Henry J. Kaiser Family Foundation

## Building the Budget: Streamlining the Fiscal Summary

	<u>FY2019 Management Plan plus Supplementals</u>				<u>FY2020 Governor Amended</u>			
	<b>Total</b>	<b>Other</b>			<b>Total</b>	<b>Other</b>		
	<b>General</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>	<b>General</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
Revenue Collections	3,822.0	774.8	3,781.3	8,378.1	3,196.7	721.9	3,783.0	7,701.6
Statutory ERA Draws for Government	1,699.4			1,699.4	989.1			989.1
<b>REVENUE</b>	<b>5,521.3</b>	<b>774.8</b>	<b>3,781.3</b>	<b>10,077.4</b>	<b>4,185.8</b>	<b>721.9</b>	<b>3,783.0</b>	<b>8,690.7</b>
<b>APPROPRIATIONS</b>								
<b>Total Operating</b>	5,521.7	696.9	2,671.6	8,890.3	February 13, 2019 Governor's Amend Budget Release			
<b>Agency Operations</b>	4,745.0	638.8	2,643.7	8,027.5				
<b>Statewide Operations</b>	776.7	58.1	27.9	862.7				
<b>Total Capital</b>	262.8	77.9	1,109.6	1,450.3				
<b>Total Operating and Capital Appropriations</b>	<b>5,784.5</b>	<b>774.8</b>	<b>3,781.3</b>	<b>10,340.6</b>	<b>4,185.8</b>	<b>721.9</b>	<b>3,783.0</b>	<b>8,690.7</b>
<b>(Deficit)/Surplus</b>		<b>(263.2)</b>				<b>0.0</b>		

# Sustainable, Predictable, Affordable

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