

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**

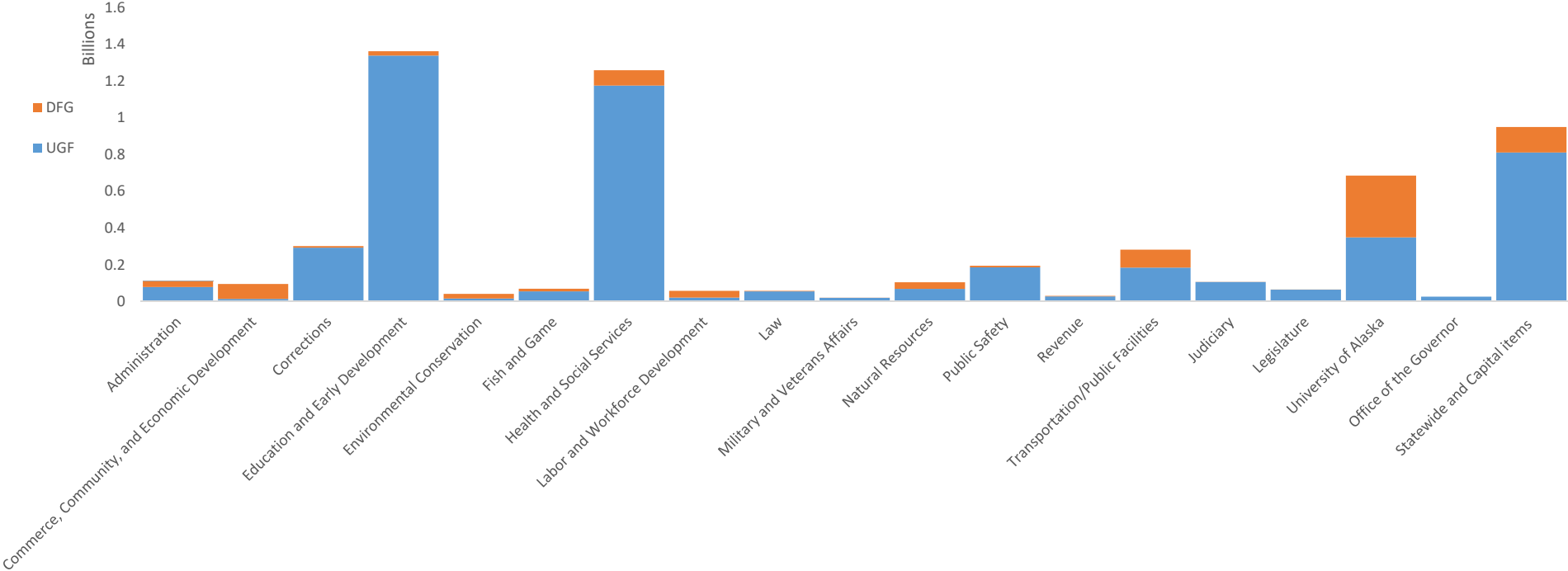
- Bringing Administrative Services Directors into OMB
 - Collaborating with and across departments
 - Identifying redundancies
- Establishing Policy Teams across Departments
 - Boards and Commissions
 - Regulatory reform
 - Healthcare coordination
 - State asset inventory and divestiture

Building the Budget: Define the Problem

	FY2019 Management Plan plus Supplementals					FY2020 Governor Preliminary				
	Unrestricted	Designated	Other			Unrestricted	Designated	Other		
	General	General	State	Federal	Total	General	General	State	Federal	Total
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
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
REVENUE	4,486.6	1,034.8	774.8	3,781.3	10,077.4	3,254.1	931.7	721.9	3,783.0	8,690.7
APPROPRIATIONS										
Total Operating	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
Agency Operations	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
Statewide Operations	645.0	131.7	58.1	27.9	862.7	640.8	62.1	46.4	36.5	785.8
Total Capital	150.0	112.8	77.9	1,109.6	1,450.3	169.9	76.6	43.2	1,063.5	1,353.1
Total Operating and Capital Appropriations	4,749.8	1,034.8	774.8	3,781.3	10,340.6	4,881.0	931.7	721.9	3,783.0	10,317.5
(Deficit)/ Surplus										
		(263.2)				(1,626.9)				

Building the Budget: Where is the money going?

State Spending - UGF and DGF

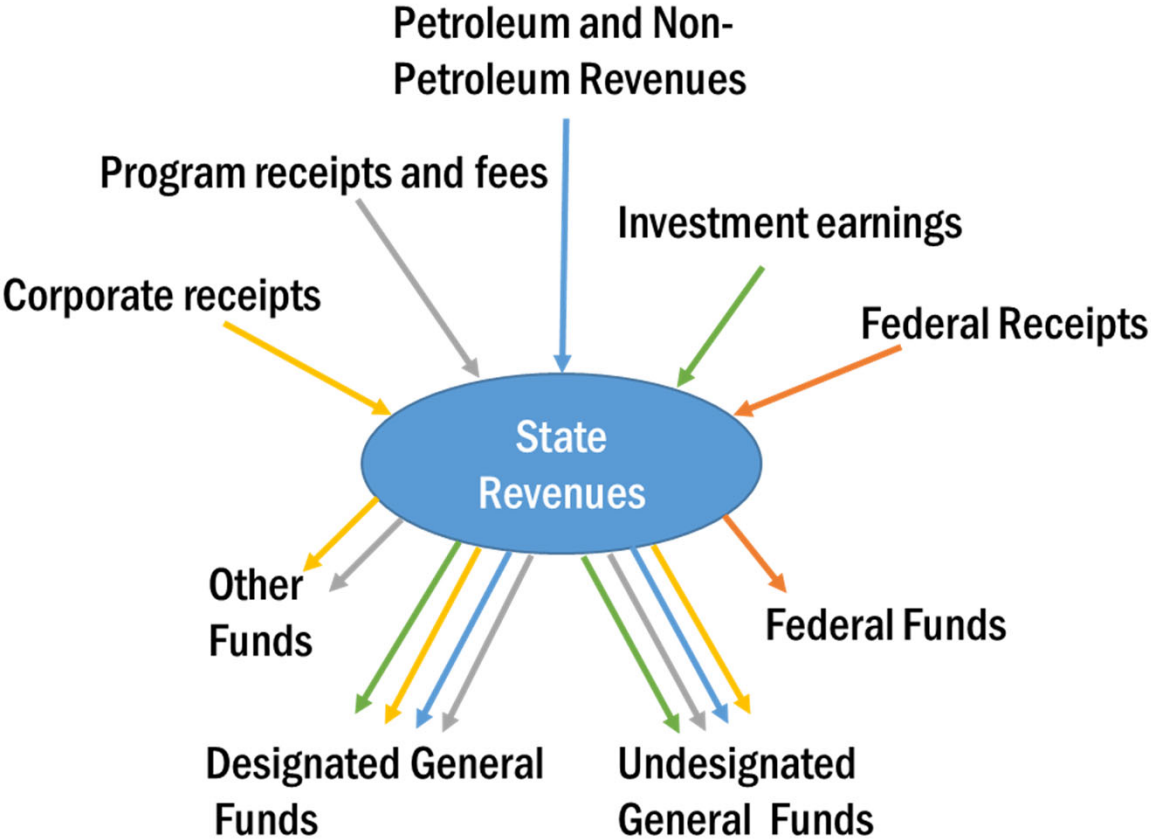


Building the Budget: Combine UGF and DGF

- 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

- 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

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

Building the Budget: Consistent Policies

- 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	



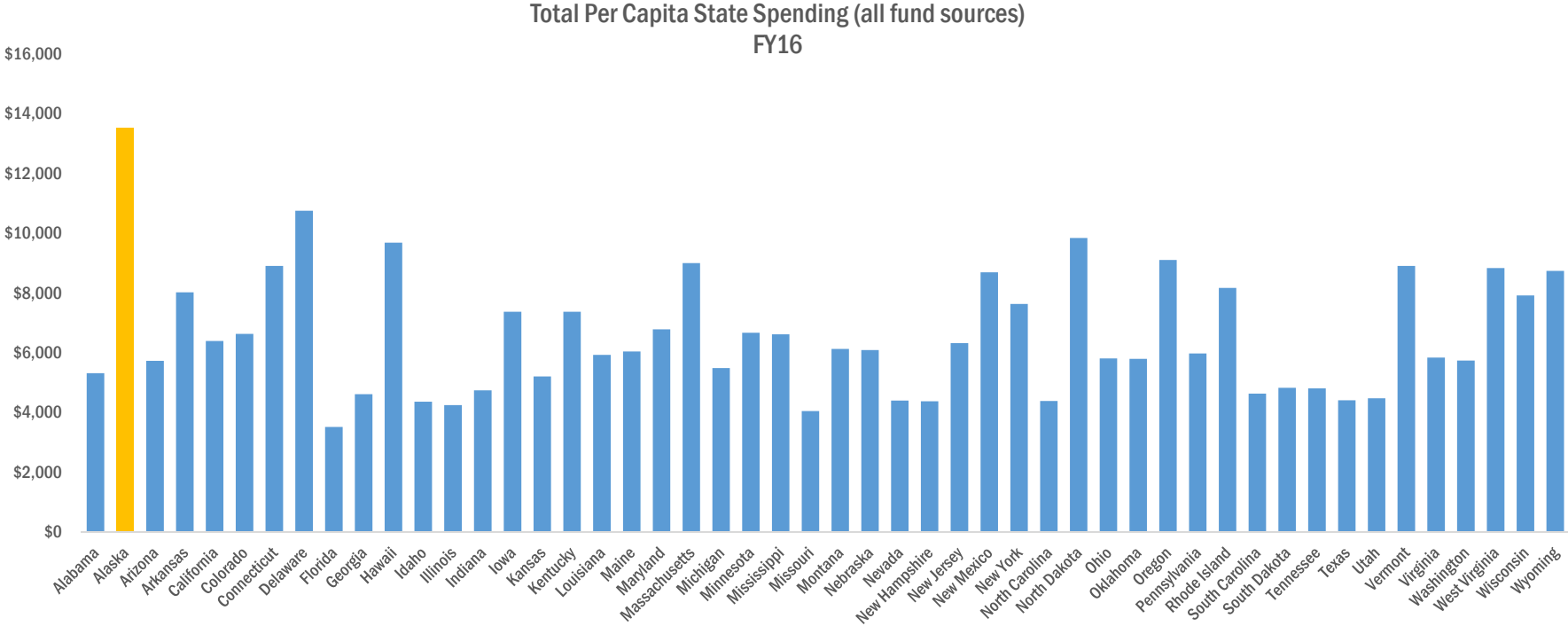
Building the Budget: Program Prioritization

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



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>			
	Total	Other			Total	Other		
	General	State	Federal	Total	General	State	Federal	Total
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
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
REVENUE	5,521.3	774.8	3,781.3	10,077.4	4,185.8	721.9	3,783.0	8,690.7
APPROPRIATIONS								
Total Operating	5,521.7	696.9	2,671.6	8,890.3	February 13, 2019 Governor's Amend Budget Release			
Agency Operations	4,745.0	638.8	2,643.7	8,027.5				
Statewide Operations	776.7	58.1	27.9	862.7				
Total Capital	262.8	77.9	1,109.6	1,450.3				
Total Operating and Capital Appropriations	5,784.5	774.8	3,781.3	10,340.6	4,185.8	721.9	3,783.0	8,690.7
(Deficit)/Surplus		(263.2)				0.0		

Sustainable, Predictable, Affordable

