



2024 | **ALASKA CHILDREN'S BUDGET**
Where and How Alaska Invests in Children
Prepared by Alaska Children's Trust


Letter From Alaska Children's Trust

Alaska's future prosperity depends on our ability to improve the well-being of the next generation. Children represent 25% of our population and 100% of our future. In 2023, Alaska ranked 38th in the nation for child well-being according to the Annie E. Casey Foundation's KIDS COUNT program. Just under a decade ago, we ranked as high as 27th.

The Alaska Children's Budget (ACB) was first released in 2020. The ACB measures State of Alaska spending from all funding sources devoted to specifically supporting Alaska's children, youth, and families. We know that spending alone can't ensure children, youth, and families have the knowledge, skills, support, and resources to thrive.

However, a budget is not just numbers and formulas on an excel spreadsheet. It is a reflection of our values and aspirations.

As spending has declined over the last decade, many measures of child and family well-being have followed suit.



Trevor Storrs
President & CEO

In 2023, Alaska ranked

38th

in the nation for child well-being

Just under a decade ago, Alaska ranked

27th

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What is the Alaska Children's Budget?

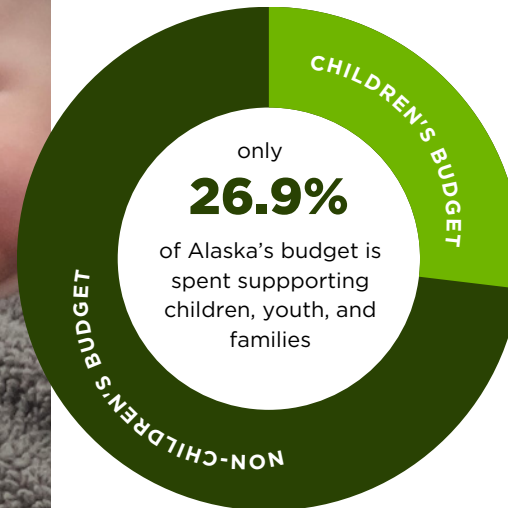
The Children's Budget translates the State's budget into two primary categories - monies that support children, youth, and families and monies that do not.

It includes all state and federal monies budgeted to provide services, or supporting infrastructure, to children younger than age 18 or who are enrolled in the K-12 school system. It also includes monies spent on the families of children where guardianship of a child under age 18 is a qualifying element of a program. Monies budgeted for services and infrastructure which do not benefit children or from which children benefit from only as a member of society are not included in the Children's Budget.



How is the Alaska Children's Budget doing?

The state of the Alaska Children's Budget is **unwell**.



ACB spending: \$3.56 B
Total FY 2024 budget: \$13.22 B

The Alaska Children's Budget for FY 2024 totals \$3.56 billion in current US dollars. In nominal (not adjusted for inflation) dollars this total represents a 14% increase over the FY 2011-FY 2014 annual average and a 3% increase over the FY 2014-2017 annual average.

However, in real numbers (adjusted for inflation), the value of the ACB has fallen 11% compared to FY 2011-FY 2014 and by 16% compared to FY 2014-FY 2017.

11%

adjusted for inflation, the value of the Alaska Children's Budget has fallen 11% compared to FY 2011-FY 2014



16%

adjusted for inflation, the value of the Alaska Children's Budget has fallen 16% compared to FY 2014-FY 2017

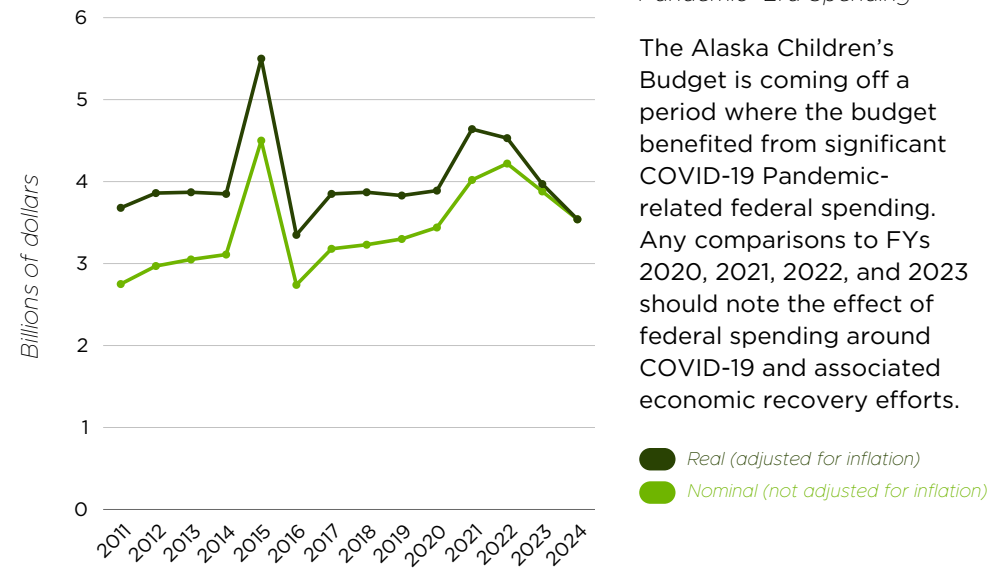
A Focus on the Operating Budget

The total ACB operating budget for FY 2024 is \$3.54 billion compared to the nominal FY 2023 amount of \$3.88 billion and the nominal FY 2022 amount of \$4.22 billion. Compared to pre-COVID times, the FY 2023 budget is \$0.24 billion (\$240 million) higher in nominal terms than the pre-pandemic FY 2019 ACB number of \$3.30 billion.

However, in real (adjusted for inflation/ purchasing power) terms, the FY 2024 Alaska Children’s Budget is the smallest in the analysis’ history except for FY 2016.*

*In 2016, the budget included reduced payments to Teacher Retirement System (TRS) after the large TRS injection in FY 2015’s budget.

Total ACB Operating Budget Funds, FY 2011-2024



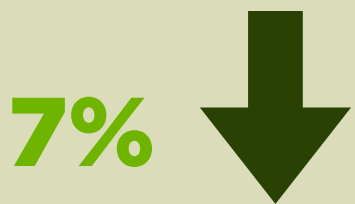
A Note About Comparison to Pandemic-Era Spending

The Alaska Children’s Budget is coming off a period where the budget benefited from significant COVID-19 Pandemic-related federal spending. Any comparisons to FYs 2020, 2021, 2022, and 2023 should note the effect of federal spending around COVID-19 and associated economic recovery efforts.

How does operating budget spending compare to past years?

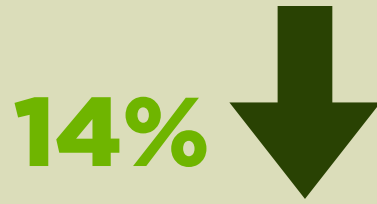
FY 2011-2014

FY 2024 appears 20% larger, but when adjusted for inflation is 7% smaller than the average for those years.



FY 2014-2017

FY 2024 appears 5% larger, but when adjusted for inflation is 14% smaller than the average for those years.



The operating budget has two categories,

Agency spending

money which flows to agencies for their operations

The Agency portion of the FY 2024 ACB is \$3.32 billion (nominal and real). This is the smallest inflation-adjusted Agency Operating Budget on record; providing roughly \$10 million less in purchasing power than the 2014 Agency Operating Budget.

non-Agency spending

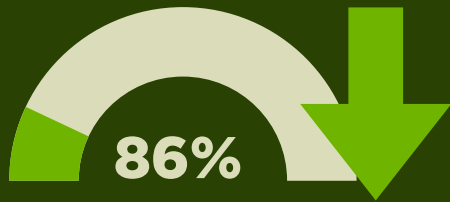
money which covers statewide obligations like debts, retirement funding, etc.

The non-Agency portion of the ACB’s Operating Budget is just \$0.22 billion (nominal and real) in FY 2024. This is the fourth lowest inflation-adjusted amount on record and reflects a reduction in Alaska’s commitment to replacing aging schools.

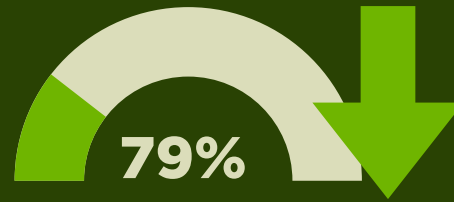
A Near Disappearance from the Capital Budget

Spending on Alaska Children’s Budget qualifying-items via the Capital Budget has collapsed in both nominal and real terms. The FY 2024 allocates just \$23 million in capital budget spending; nearly \$20 million of this amount is major maintenance for schools.

FY 2024 Capital Budget Spending
Compared to
FY 2011 to FY 2014



FY 2024 Capital Budget Spending
Compared to
FY 2014 to FY 2017

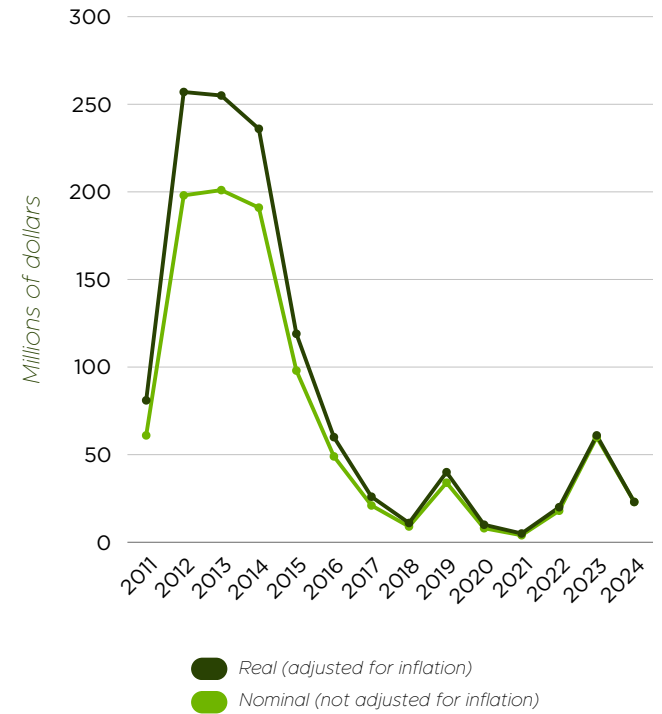


Compare FY 2024’s \$23 million to the FY 2011-FY 2014 annual average of \$207 million in today’s dollars. Real spending has declined 86% compared to FY 2011 to FY 2014 levels and 79% compared to FY 2014 to FY 2017 levels. This decline is not new, the average real annual expenditure since FY 2015 has been just \$28 million. While small, this amount is still 20% greater than FY 2024.

\$23
million
FY 2024

\$207
million
FY 2011-FY 2014
annual average
adjusted for inflation

Total Alaska Children’s Budget
Capital Budget Funds, FY 2011-2024



The KIDS COUNT program measures the overall well-being of children, as well as their specific well-being in four focus areas: Education, Economic Well-being, Health, and Family & Community. We see great differences in how spending in these areas has fared over the last decade.

EDUCATION

The FY 2024 operating budget includes \$1.85 billion in agency spending in the Education focus area. Adjusted for inflation, this amount is roughly 7% less than the FY 2011-2014 annual average and 5% less than the FY 2014-2017 annual average. In the capital budget, when factoring for inflation, there has been a huge decrease in spending on education since 2015.

The two biggest drivers of the observed decline in the ACB overall are:

- reduced capital spending on Education
worth about \$140 million in annual lost purchasing power
- reduced spending directly on Education
worth about \$130 million in annual lost purchasing power

Capital Budget Spending in Education



In essence, 80-85% of all spending reductions in the ACB have been borne by the Education sector.

The increase in K-12 education spending in the FY 2024 budget did little to raise real spending and largely offset the effect of inflation for one year.



KIDS



COUNT

Reduced Spending on Education and Economic Well-Being; Increased Spending on Health; Consistent Spending on Family & Community

ECONOMIC WELL-BEING

The FY 2024 budget includes \$0.23 billion in agency spending in the Economic Well-Being focus area. Adjusted for inflation, this amount provides 13% less purchasing power than the FY 2011-2014 annual average and is roughly 7% less than the purchasing power of the FY 2014-2017 annual average.

HEALTH

The FY 2024 operating budget includes \$0.93 billion in agency spending in the Health focus area. Adjusted for inflation, this amount provides 12% more purchasing power than the FY 2011-2014 annual average and 5% more purchasing power than the FY 2014- 2017 annual average.

FAMILY & COMMUNITY

The FY 2024 budget includes \$0.31 billion in agency spending in the Family & Community focus area. Adjusted for inflation, this amount provides 4% more purchasing power than the FY 2011-2014 annual average and is roughly equal to the purchasing power of the FY 2014-2017 annual average.

Together we can prevent child abuse and neglect.

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