



20

ALASKA CHILDREN'S BUDGET

Where and How Alaska Invests in Children

Prepared by Alaska Children's Trust

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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 percent of Alaska's population and 100 percent of our future. Today, our children's future is not faring well.

Alaska ranks 45th in the nation for child well-being; five years ago, we were 27th. Approximately 1 in 3 Alaska children live in poverty. The number of children without health insurance is nearly double the national average, and more than 2,000 children are in foster care. Only 25 percent of 4th graders score at or above proficient in reading and nearly 30 percent of 8th graders score at or above proficient in math. Nearly 15 percent of children live in homes without enough food. Alaska already experiences some of the highest rates of substance use, domestic violence, suicide, crime, and child abuse and neglect. Annually, between two and three thousand substantiated cases of child abuse and neglect occur in Alaska. These trends are even more disheartening when broken down by race and region.

One of the most important things we do as a society is support and protect our children and promote their well-being. The success or failure of Alaska's children is greatly influenced by decisions made by our elected leaders - including within our annual budget.

For most, a singular lens is used to view the budget in its most natural form - a mixture of numbers and mathematical formulas. Imagine if you look at the budget using a different lens - seeing it from a viewpoint that looks beyond just the math and sees how these numbers impact Alaska's most valuable resource - our children.

When a budget devotes resources to ensuring our children are healthy, live in safe, stable and nurturing communities, get a good education, and contribute to our collective success, everyone benefits for years to come. But if we fail to invest in our children, the cost is vast and far reaching. Shortchanging our children harms just about every aspect of a child's development, including their physical and mental health, nutrition, cognitive growth, education, and subsequent employment. And the cost to society is equally extensive, resulting in a raise in crime, use of substances, loss of economic investment, and increased pressure on government programs like Corrections and Medicaid.

The cost to society is equally extensive, resulting in an increase in crime, loss of economic investment, substance use, and increase pressure on government programs like Corrections and Medicaid. The Alaska Children's Budget is one tool to help course correct and ensure children and families thrive.



Trevor J. Storrs
President & CEO

As you move through this report, you will see that the Alaska Children's Budget:

Totals \$3.15 billion for Fiscal Year (FY) 2020 including all federal, state, and other funds (30 percent of the State's \$10.66 billion total budget).

Is nearly 12.5 percent smaller compared to average spending earlier in the decade. This decline is equal to \$400 million annually.

Has fared better in the State's Operating budget than in the Capital budget. The department ACB portion of the Operating budget is down just 3 percent compared to 95 percent in the Capital budget.

Is more dependent on federal dollars than it was a decade ago. Federal spending reflected in the ACB is up nearly 13 percent while State of Alaska unrestricted general funds ("UGF") in the budget are down more than 10 percent.

Is, in inflation-adjusted terms, spending less in the KIDS COUNT categories of Education and Economic Well-Being and more in the categories of Health and Family & Community.

Alaska Children's Budget

The Alaska Children's Budget (hereafter "the Children's Budget" or "ACB") documents how Alaskans choose to spend our State's financial resources to support children, youth, and families. The goal of the Children's Budget is to encourage Alaskans to look at the budget through another lens - one that looks beyond just the math and sees how these numbers impact Alaskans' most valuable resource - children. The Children's Budget translates the State's budget from just numbers into a story about the role our level of investment plays in determining the success and/or failure of our children.

Our hope is that the Children's Budget will encourage conversations at the intersection of how we're spending our resources to support children and child well-being as measured by Alaska's KIDS COUNT. This analysis shows how spending changed over the last 10 years both in terms of the amount of money being spent and where those expenditures are going.

Questions to Start With

The following is a list of frequently asked questions generated during the project's development and review process.

What is the “right size” for the Children’s Budget?

This analysis does not prescribe a size for the Children’s Budget. Nowhere in the document will the reader find a statement which says “The Children’s Budget should be \$X.X Billion.” There is no prescribed formula. The “right” amount for a Children’s Budget should be based on what a state envisions for the next generation, current data, and the plan developed to achieve this vision. Currently, Alaska has no vision or plan established that outlines how the state will ensure children and families thrive. The purpose of this document is to promote this discussion.

Does the Alaska Children’s Budget include Permanent Fund Dividends?

Alaska’s annual Permanent Fund Dividend (PFD) payments do not count towards the Alaska Children’s Budget because they do not fit the qualifying definition established for this project. To qualify, state expenditures must be explicitly directed towards supporting children or families with minor children. The annual PFD payments are provided universally to Alaska residents who meet the program’s residency requirements. The eligibility requirements of the PFD program do not prefer children over adults and children do not receive a larger payment by virtue of being children. Thus, like all state programs which universally benefit residents the PFD program is coded as a non-children’s budget item. ACT recognizes that the PFD helps many families with basic needs and quality of life.

How would the analysis differ if Permanent Fund Dividends were included?

If PFD payments were included in the analysis the total amount of the Children’s Budget would be larger, but this would only affect the non-departmental Operation budget portion of the analysis. The analysis around department budgets and the Capital budget would be unaffected.

Why Fiscal Years 2011 through 2020?

This analysis is most useful if it combines the most recent data with enough historical data for readers to see spending trends. We selected this ten-year span to meet these requirements. We agree it would be interesting to explore the entire fiscal historical history of Alaska.

Is the analysis comparing the average of FY 2011 through FY 2014 to FY 2020 expenditures because FY 2011 through FY 2014 included some of Alaska’s largest budget?

No, we use the FY 2011 through FY 2014 average because it allows us to compare the beginning of the decade with the end of the decade. We would have picked these years regardless of budget size. We excluded FY 2015 from the average because the budget that year included an extra payment of nearly \$2 billion into the Teacher Retirement System which would have skewed the overall average.

Does this analysis include the FY 2020 Supplemental budget?

No, this analysis does not include the FY 2020 Supplemental budget. The proposed FY 2020 Supplemental budget has not been finalized and was released as this document went to print. The authors acknowledge this supplement will cause a minor change to the results of the analysis primarily through increased health expenditures.

How does Alaska Compare to other states?

It is hard to compare Alaska to other states because the majority of the other “Children’s Budgets” are at the municipality or borough level. Alaska is one of the first states to complete a fiscal map of this type at the state-level. Plus, as stated above regarding the “right size” for the Children’s Budget, there is no right size. Comparing Alaska to other states is comparing apples to oranges. It is better to compare Alaska to itself through historical analysis, as we did through the past ten year comparison.

What is KIDS COUNT?

The Alaska Children's Trust annually publishes the Alaska's KIDS COUNT profile in conjunction with the Annie E. Casey Foundation. The mission of KIDS COUNT is to ensure child advocates, policymakers, and the public have access to high-quality, unbiased data about child well-being. The Annie E. Casey Foundation gathers and publishes child well-being data from national and state sources.

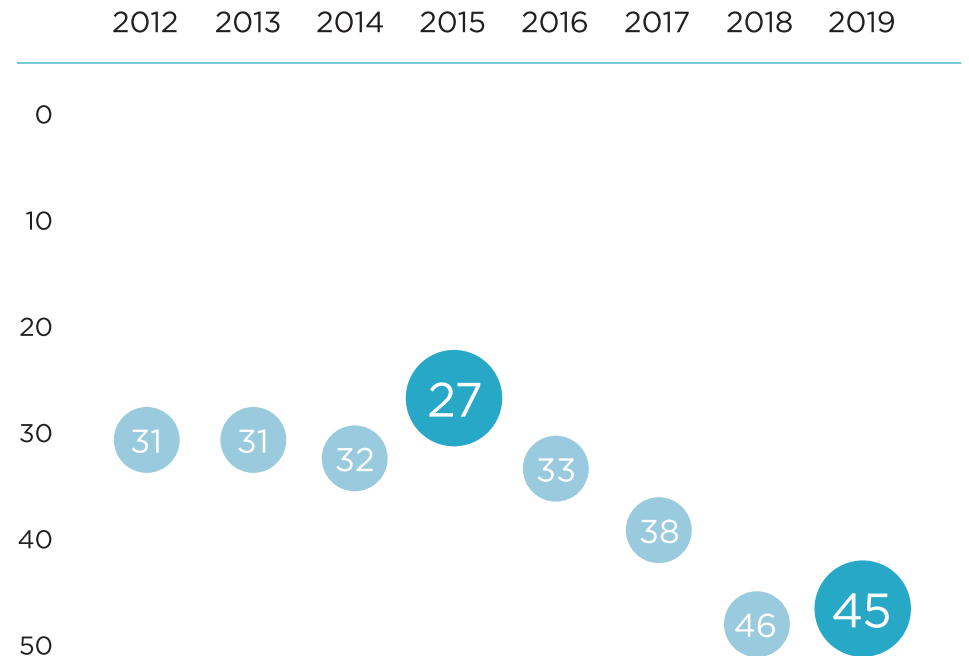
KIDS COUNT tracks the well-being of Alaska's children across four categories:

- 1. ECONOMIC WELL-BEING
- 2. EDUCATION
- 3. HEALTH
- 4. FAMILY & COMMUNITY

In 2015, before the start of Alaska's 2015-2018 economic recession, Alaska ranked as high as 27th out of the 50 states for the overall well-being of our children. In 2019 the state ranked 45th.

The KIDS COUNT ranking and other key related data regarding child well-being is included in the Children's Budget to help begin to bring these two data sets together and ignite the conversation of how the budget impacts children's future success. Alaska's KIDS COUNT data show that compared to other states Alaska isn't just losing ground in some areas - we are also performing empirically worse, including in the number of children living in poverty and the rate of child and teen deaths.

KIDS COUNT National Ranking for Alaska



AS OF 2019,

Alaska ranks **45th** in the U.S. for the overall well-being of our children.

For full data resources, visit alaskachildrenstrust.org/kidscount.



How are Alaska's children?

30% of kindergarteners were kindergarten-ready at the start of school year

83% of children's families demonstrate resilience during difficulty

10% of teens ages 16 to 19 are not attending school or working

6% of babies are born with low birth-weight compared to 8.3% nationally

35% of children live in poverty

94% of children are in excellent or very good health

22.8% of high school students considered suicide in the past 12 months

These are statewide issues. See page 40 to view regional data, or the KIDS COUNT data center at alaskachildrenstrust.org/kidscount for more extensive information.

What is the Alaska Children's Budget?

The Alaska Children's Budget creates a fiscal map of funds the State of Alaska spends to support the well-being of Alaskan children.

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 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.

In FY 2020 the Children's Budget totals \$3.15 billion, including \$3.14 billion of the State's \$9.38 billion Operating Budget and \$8.4 million from the State's \$1.28 billion Capital Budget.

The Operating Budget can be further broken down into funding sent through department budgets and non-department items such as debt reimbursement, retirement system payments, and fund transfers. Individual agency operating budgets handle the vast majority of Children's Budget funding—\$2.9 billion for FY 2020—while non-department items, primarily school debt reimbursement and Teacher Retirement System payments, account for \$0.25 billion of the FY 2020 Children's Budget.

Examples of items included in the Alaska Children's Budget

- K-12 Foundation Program
- Children's Services Front Line Social Workers
- Public Assistance-Childcare Benefits
- Mt. Edgecumbe Boarding School
- Juvenile Justice Probation Services

Example of items excluded from the Alaska Children's Budget

- Highways
- Statewide and rural aviation
- Pioneer Homes
- Most functions in the Departments of Corrections
- Environmental Conservation
- Fish & Game
- Law, Labor and Workforce Development
- Natural Resources
- Public Safety
- Revenue
- Transportation

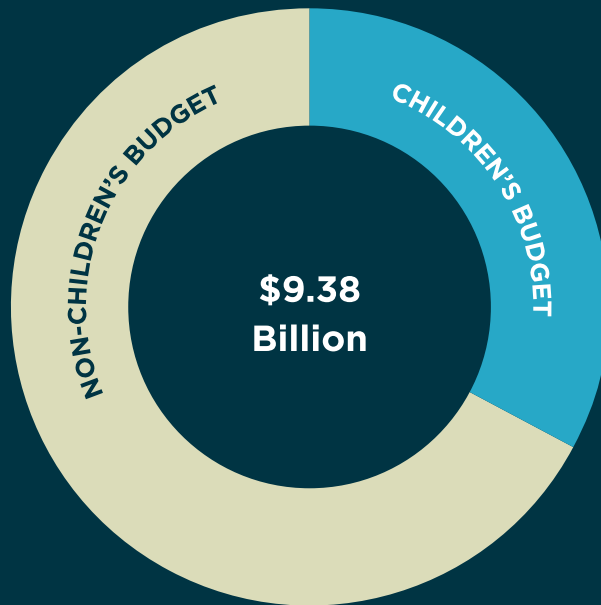
THE FY 2020 Alaska Children's Budget

is **33.5%** of the Operating budget & is less than **1%** of the Capital budget.

FY 2020

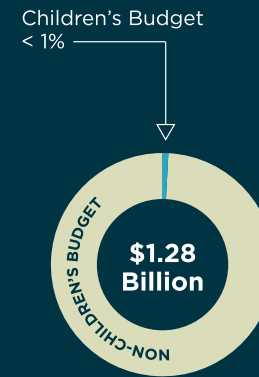
Total Alaska State Budget \$10.66 Billion

OPERATING BUDGET



Children's Budget Spending \$3.14B
Other Spending \$6.24B

CAPITAL BUDGET



Children's Budget Spending \$8.4M
Other Spending \$1.27B

BUDGET 101

What are the building blocks?

This analysis utilizes data from the Alaska Legislative Finance Division (“Legislative Finance”), whose job it is to provide non-partisan subject matter expertise and technical support to the Alaska Legislature. This project took 10 years worth of Alaska Operating and Capital budget data and coded every allocation according to whether it met the definition of a Children’s Budget item (see page 8).

The total budget is comprised of two separate budgets, Operating and Capital.

What is the Operating budget?

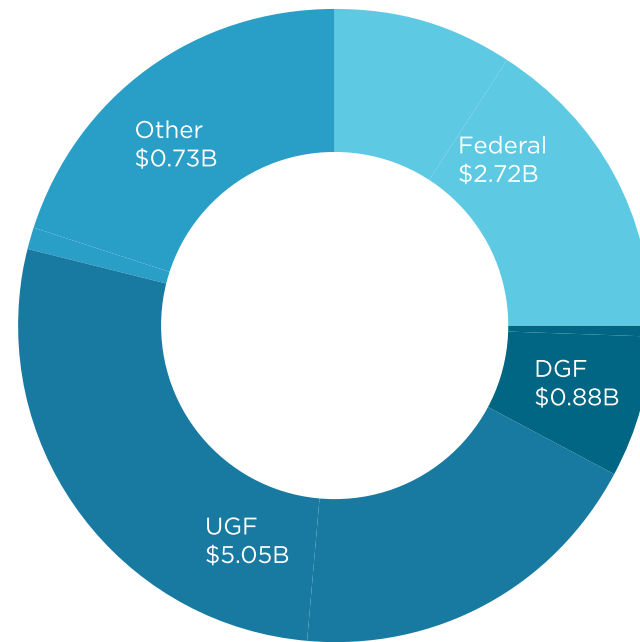
A plan for the yearly distribution of state resources to cover the ongoing operations of state programs. Operating budget appropriations are typically made for a fiscal year and any unexpended or unobligated funds lapse, or revert, to the unrestricted general fund (“UGF”) at the end of the fiscal year.

The FY 2020 Operating budget is \$9.38 billion including Children’s Budget and Non-Children’s Budget items. Comprising the budget are \$5.05 billion in UGF, \$2.72 billion in Federal funds, \$0.88 billion in designated general funds (“DGF”), and \$0.73 billion in Other funds.

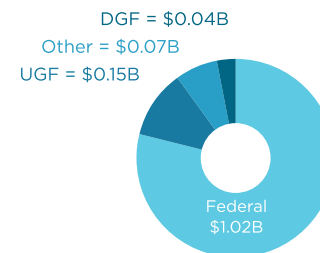
What is the Capital budget?

A plan for the distribution of state financial resources for items which have an anticipated life that exceeds one year and which usually costs at least \$25,000. Capital budget appropriations lapse only if funds remain after the project is completed.

The FY 2020 Capital budget is \$1.28 billion, including Children’s Budget and Non-Children’s Budget items. Comprising the budget are \$0.15 billion in UGF, \$1.02 billion in Federal funds, \$0.04 billion in DGF, and \$0.07 billion in Other funds.



**FY 2020
OPERATING BUDGET**
Total \$9.38B



**FY 2020
CAPITAL BUDGET**
Total \$1.28B

What are the state budget's funding categories?

The State of Alaska sorts funding for its budget into four standard fund groups, which make it easier to understand where the money for the budget originates and how it can be used.

UGF (UNRESTRICTED GENERAL FUNDS)

State-generated funds, with no statutory designations or restrictions. These funds can be appropriated for any purpose making them the most flexible source of funds.

Examples: General Fund, State Saving Accounts: Statutory Budget Reserve (SBR) and Constitutional Budget Reserve (CBR)

DGF (DESIGNATED GENERAL FUNDS)

State-generated funds with statutory designations or restrictions. The Alaska Constitution prohibits the dedication of most funds, but for certain funding sources the legislature declares its intent for how these funds shall be used.

Examples: University Receipts, Power Project Fund, Fisheries Enhancement Revolving Loan Fund, Power Cost Equalization (PCE) Fund

Interagency receipts are funds paid by one department to another for services provided. The dataset for this analysis excludes these "duplicate funds." to avoid double counting expenditures.

OTHER

Includes categories over which the legislature has limited discretion.

*Examples: Mental Health Trust Authority Receipts, Alaska Industrial Development and Export Authority Receipts, Alaska Housing Finance Receipts, Interagency Receipts**

FEDERAL

Funds received from the federal government, which must generally be spent in accordance with the associated federally supported program.

Examples: Federal Receipts, Federal Impact Aid, National Petroleum Reserve Fund

Where do Operating budget funds come from?

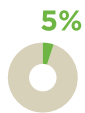
The State of Alaska’s Operating budget for FY 2020 is \$9.38 billion, \$3.14 billion (33.5 percent) of which is dedicated to children. UGF and Federal funds are the most important source of funds for both for the Children’s Budget and Operating budget as a whole, this report focuses on these two sources of money when looking at changes to the budget over time.

For FY 2020 the funding breakdown of the Children’s Budget is:

- 5.4 percent of all Other funds or \$0.04 billion of the \$0.73 billion in this fund group.
- 9.4 percent of all DGF or \$0.08 billion of the \$0.88 billion in this fund group.
- 40.0 percent of all UGF or \$2.02 billion of the \$5.05 billion in this fund group.
- 36.8 percent of all Federal or \$1.00 billion of the \$2.72 billion in this fund group.

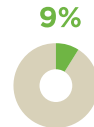
FY 2020 A visual comparison, to scale.

■ SPENDING ON CHILDREN ■ OTHER SPENDING



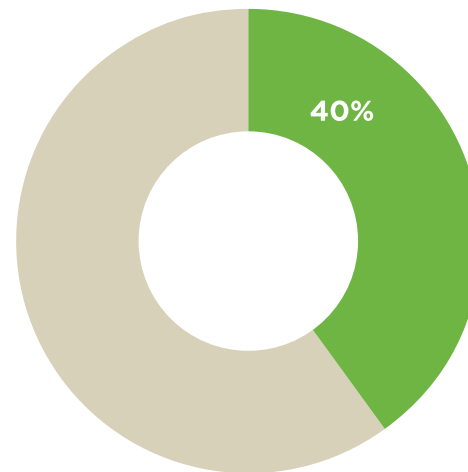
Other
\$0.73 Billion Total

\$0.04 BILLION
spent on children



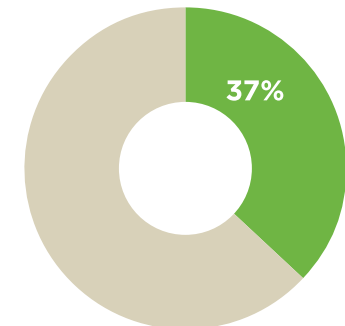
DGF
\$0.88 Billion Total

\$0.08 BILLION
spent on children



UGF
\$5.05 Billion Total

\$2.02 BILLION
spent on children



Federal
\$2.72 Billion Total

\$1.0 BILLION
spent on children

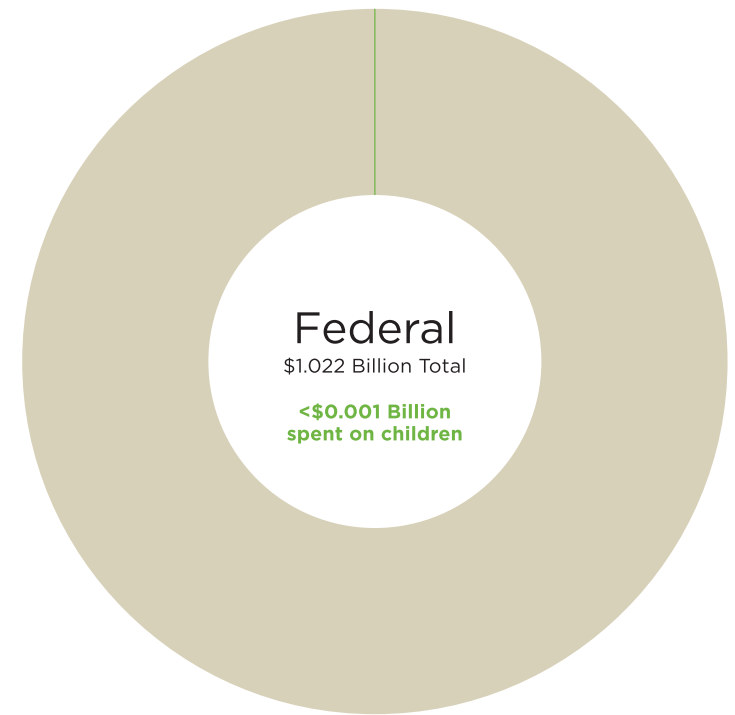
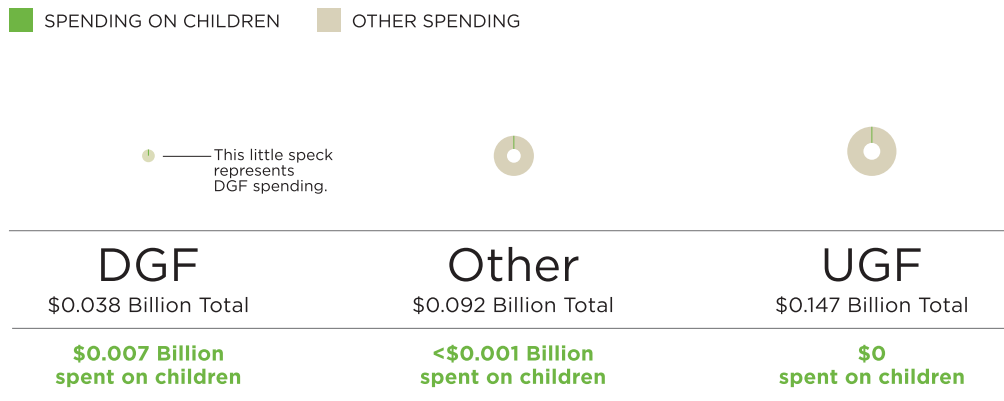
Where do Capital budget funds come from?

The State of Alaska 's FY 2020 capital budget is much smaller than the Operating budget; the Children's Budget portion is even smaller, accounting for just over 0.5 percent of the Capital budget. The FY 2020 Capital budget is \$1.3 billion, of which \$0.008 billion (\$8.4 million or 0.6 percent) is dedicated to children. No UGF are dedicated to Children's Budget items, with virtually all funding coming from DGF and Other funds.

For FY 2020 the funding breakdown of the Children's Budget is:

- 19.5 percent of all DGF or \$0.007 (\$7.4 million) of the \$0.038 billion (\$37.9 million) in this fund group.
- Less than 1 percent of all Other funds or \$500,000 of the \$0.07 billion (\$72 million) in this fund group.
- 0.0 percent of all UGF or \$0 of the \$0.147 billion (\$147 million) in this fund group.
- Less than 0.1 percent of all Federal funds or less than \$500,000 of the \$1.02 billion in this fund group.

FY 2020 A visual comparison, to scale.



How are Children’s Budget funds spent?

In FY 2020 more than nine out of every 10 dollars in the Children’s Budget will flow through two State of Alaska departments: the Department of Education and Early Development (“DEED”) and the Department of Health and Social Services (“DHSS”). Within DEED, Children’s Budget items account for \$1.61 billion (97.4 percent) of the department’s \$1.65 billion Operating budget. Within DHSS, Children’s Budget items account for \$1.19 billion (39.7 percent) of the department’s \$3 billion Operating budget. Spending within other departments contribute just over \$0.1 billion to the Children’s Budget, while the non-departmental portion of the Operating budget contributes another \$0.25 billion.

FY 2020 OPERATING BUDGET - ACB Spending by Department

A visual comparison, to scale.

■ SPENDING ON CHILDREN ■ OTHER SPENDING



Non-Departmental

\$0.25 Billion
spent on children

\$1.28 Billion Non-ACB

EXAMPLES

*State Teacher Retirement (TRS)
School Debt Reimbursement*



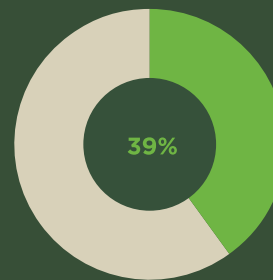
Department of Education and Early Development

\$1.61 Billion
spent on children

\$0.04 Billion Non-ACB

EXAMPLES

State Aid to Education, Pupil Transportation, Child Nutrition, Early Learning



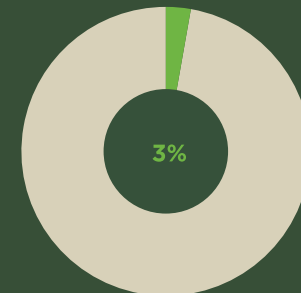
Department of Health and Social Services

\$1.19 Billion
spent on children

\$1.81 Billion Non-ACB

EXAMPLES

Medicaid, Denali Kid Care, Vaccinations, Mental Health



Other

\$0.10 Billion
spent on children

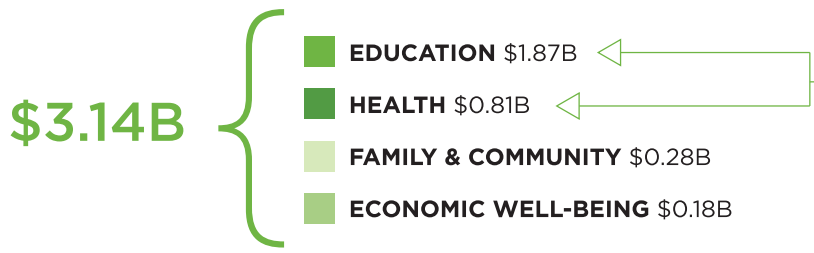
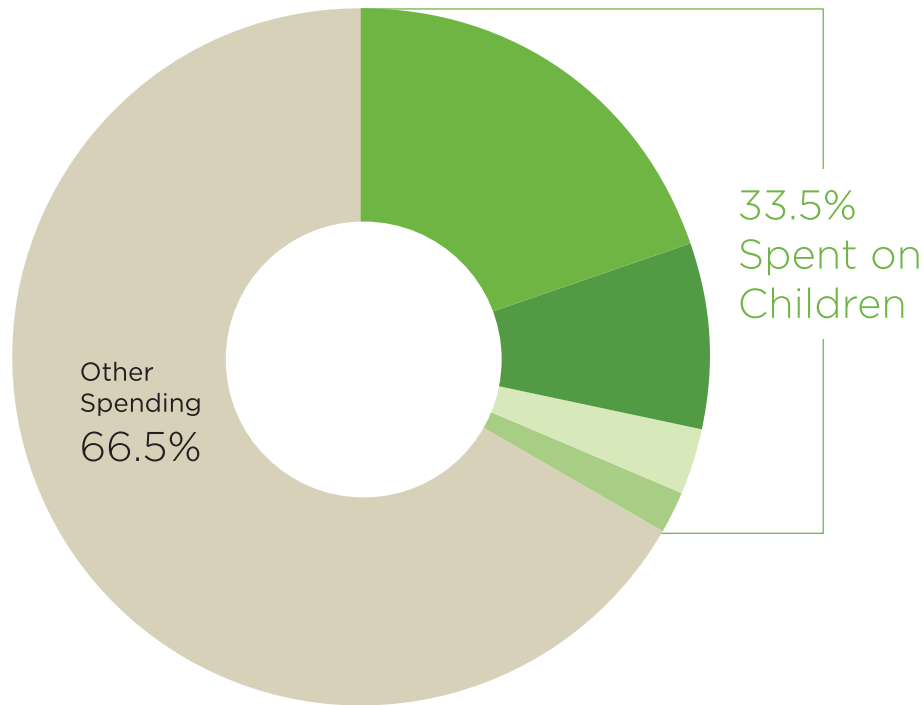
\$3.10 Billion Non-ACB

EXAMPLES

Office of Public Advocacy, Domestic Violence Prevention, Child Support Services, Alaska Military Youth Academy

Children’s Spending by KIDS COUNT Categories

FY 2020 OPERATING BUDGET = \$9.38 BILLION



Children’s Budget Spending by KIDS COUNT Category

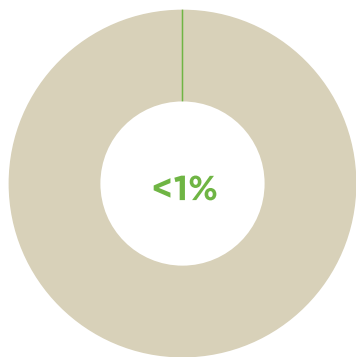
Between the four KIDS COUNT categories of Economic Well-Being, Education, Health, and Family & Community, nearly 60 percent of the operating portion of the Children’s Budget flows into Education. One quarter of the operating portion is spent in the Health category while the Economic Well-Being and Family & Community categories receive the remaining 15 percent of the budget, worth just under \$500 million in FY 2020.

85% of the Operating budget’s spending on children goes into Education and Health.

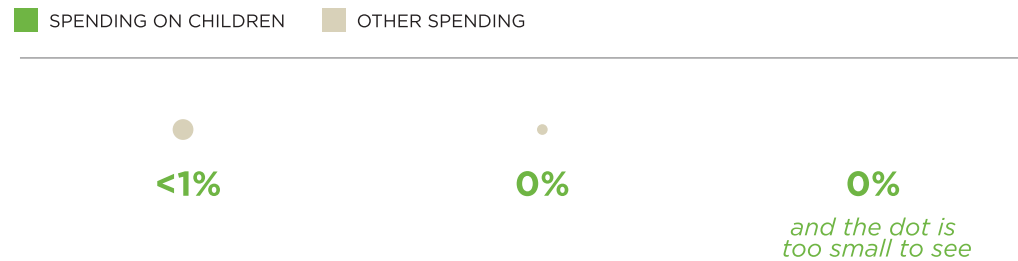
How are Children’s Budget funds spent?

In FY 2020 the Children’s Budget accounts for 0.6 percent, or \$8.4 million, of the State of Alaska’s \$1.28 billion capital budget.

Nearly 95 percent of Children’s Budget capital money will be spent on infrastructure, primarily deferred maintenance for Alaska’s public schools. The capital portion of the Children’s Budget also includes just under \$500,000 for programs and planning. The FY 2020 capital budget includes no money for durables or access projects, which have traditionally seen some support in the past (see page 26).



FY 2020 A visual comparison, to scale.



Infrastructure	Programs/Planning	Durables	Access
<p>\$7.9 Million Spent on Children \$1.118 Billion Non-ACB</p>	<p>\$0.5 Million Spent on Children \$107.1 Million Non-ACB</p>	<p>\$0 Spent on Children \$4.5 Million Non-ACB</p>	<p>\$0 Spent on Children \$1.7 Million Non-ACB</p>
<p>EXAMPLES Buildings Athletic Fields Playgrounds Lighting/Security</p>	<p>EXAMPLES Athletic Programs Nutritional Programs Academic/Social Instruction Supplemental Teacher Training</p>	<p>EXAMPLES Computers Books Furniture Vehicles</p>	<p>EXAMPLES ADA Projects Pedestrian Improvements Trails to Schools Parking Lot Safety</p>

Children’s Budget Spending by KIDS COUNT Category

Education is the only KIDS COUNT category to receive any significant funding from the Capital budget. The \$8.4 million being spent on infrastructure is all within the Education KIDS COUNT category, while the \$500,000 spent on programs and planning falls into the Family & Community KIDS COUNT category. Projects which would have fallen into the Health and Economic Well-Being categories received no funding in the FY 2020 capital budget.

Out of the \$1.28 **Billion** Capital budget, only \$8.4 **Million** was spent on children, a **95% decrease** compared to the average of FY 2011-2014.

FY 2020 KIDS COUNT	
How We Spent the Capital Budget	
FUNDING CATEGORY	SPENDING ON KIDS
EDUCATION	\$7.9 Million
HEALTH	\$0
FAMILY & COMMUNITY	\$0.5 Million
ECONOMIC WELL-BEING	\$0
TOTAL	\$8.4 MILLION



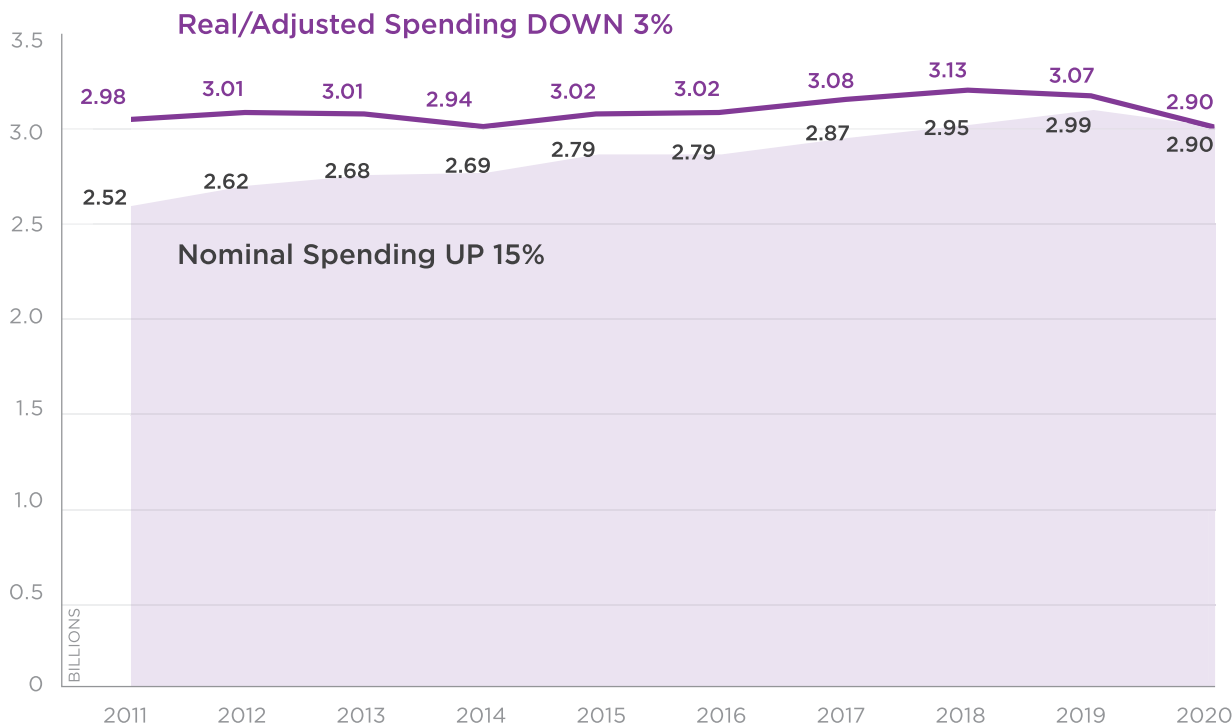
Education is the only KIDS COUNT category to receive more than \$1 million in FY 2020 Capital budget funding.

In FY 2020, the inflation-adjusted value of the departmental operating portion of the Children's Budget will be smaller than at any point in the past decade.



How has Operating budget spending on the Children’s Budget changed over time?

In FY 2020, the inflation-adjusted value of the departmental operating portion of the Children’s Budget will be smaller than at any point in the past decade. The FY 2020 value of this part of the Children’s Budget is nearly 3 percent smaller than the FY 2011 budget, and just over 3 percent smaller than the annual average for FY 2011-2014. While this measure of the Children’s Budget is lower than it was nearly a decade ago, it has held up well compared to the Non-Children’s Budget remainder of the operating budget, which is 7 percent smaller than it was in FY 2011.



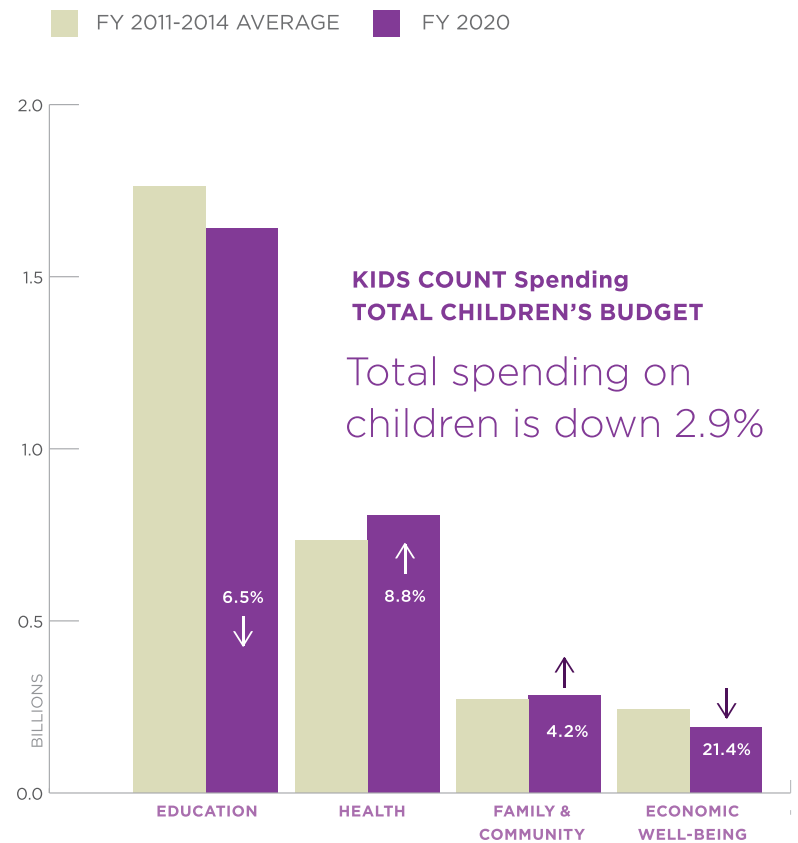
This section only discusses the departmental portion of the Operating budget, which is the portion spent on providing services to children through State of Alaska departments. This discussion excludes non-departmental portions of the Operating budget such as retirement system payments, debt service, fund transfers, and fund capitalization.

In addition, all numbers used in this document from this point forward are adjusted for purchasing power (i.e., real 2019 dollars, inflation-adjusted dollars) using the Anchorage Consumer Price Index from the Bureau of Labor Statistics.

How is our departmental spending on children changing?

While the change in the total size of the departmental operating portion of the Children's Budget has been relatively modest, how Alaska funds the budget and where it spends the money have shifted significantly. The analysis expects that the FY 2020 departmental operating Children's Budget will spend 21.4 percent less in real dollars on Economic Well-Being and 6.5 percent less in real dollars on Education than the average annual expenditure between FY 2011-2014. Spending on Health and Family & Community will be 8.8 percent and 4.2 percent higher, respectively, than the FY 2011-2014 averages.

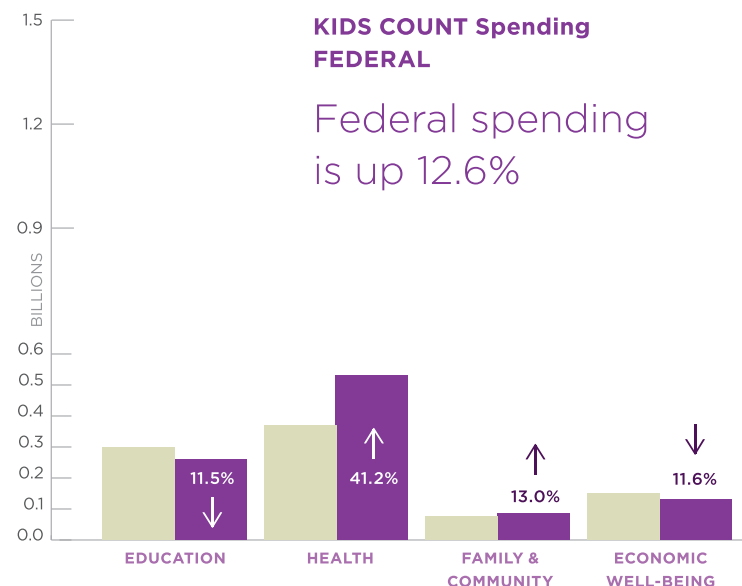
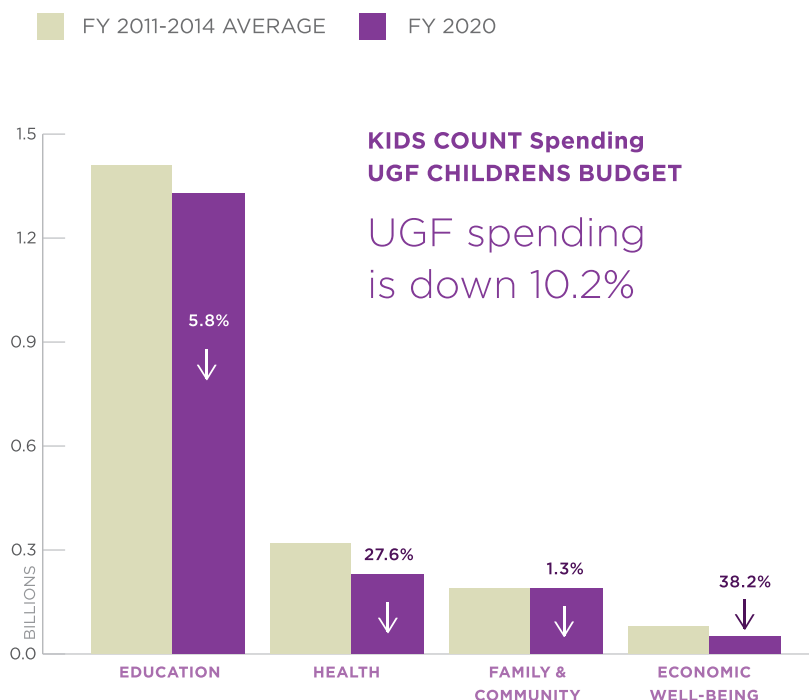
In FY 2020 Alaska will spend 6.5 percent less on Education in real terms and 8.8 percent more on Health in real terms compared to our annual averages between FY 2011 and FY 2014.



Focusing on the two primary fund sources—UGF and Federal funds—the study notes the following:

The State of Alaska is spending less UGF money, the most flexible money in the budget, on every KIDS COUNT category. Overall spending from UGF will be more than 10 percent lower in FY 2020 than average annual spending from FY 2011-2014, with declines in each category ranging from more than 38 percent (Economic Well-Being) to slightly more than 1 percent (Family & Community).

In sharp comparison, Federal funding is up 12.6 percent comparing FY 2020 to the FY 2011-2014 average, but this increase in funding isn't equally distributed across the KIDS COUNT board. Funding for Health is up more than 41 percent, representing increased enrollment in the Medicaid program and the highly successful work of the State of Alaska to shift program costs to the federal government through efforts such as tribal compacting. Federal funding is more than 11 percent lower for both Education and Economic Well-Being while Family & Community funding is up 13 percent.

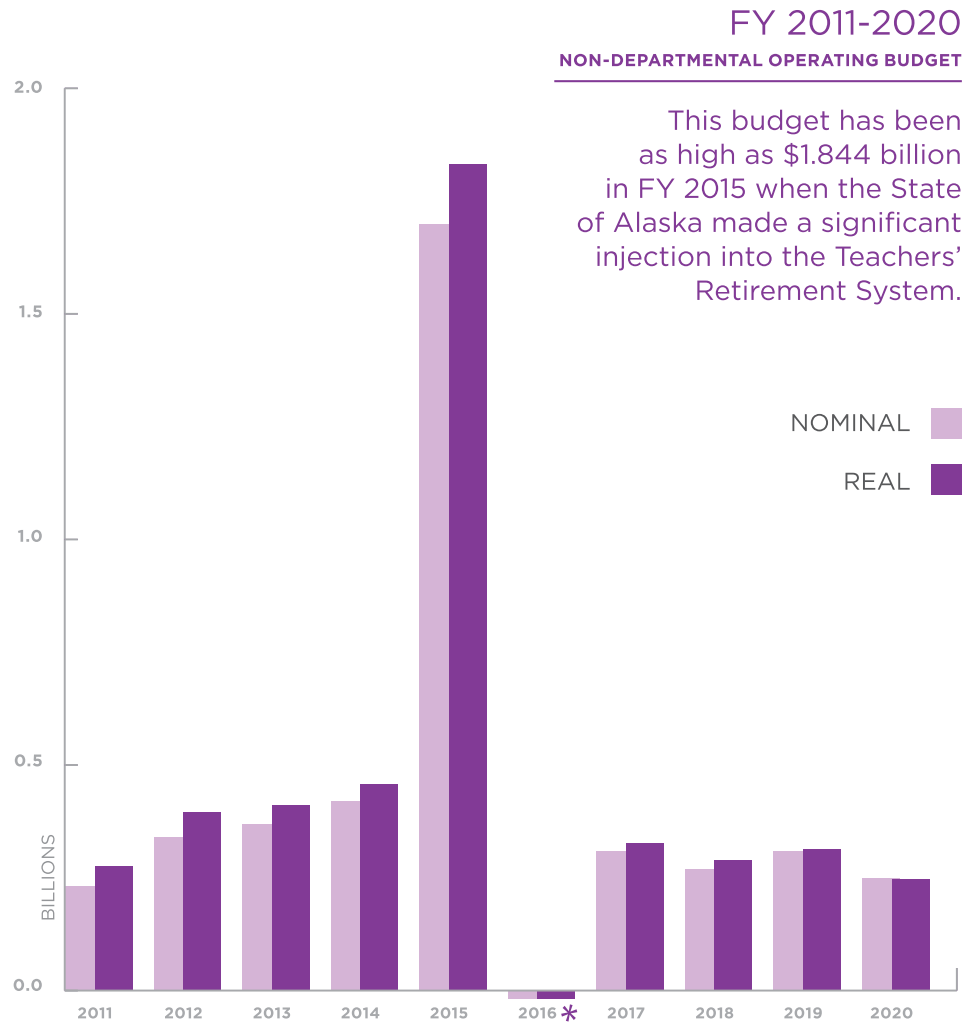


How has spending on children fared in the non-departmental Operating budget?

The Children's Budget portion of the non-departmental Operating budget averaged just over \$380 million between FY 2011 and FY 2014. For FY 2020 the estimated value of this portion of the budget is \$246 million, a 43.5 percent reduction from earlier in the decade. This recent decline resulted from a gubernatorial veto of funds for reimbursing existing school debt held by municipalities. This budget has been as high as \$1.844 billion in FY 2015 when the State of Alaska made a significant injection into the Teachers' Retirement System.

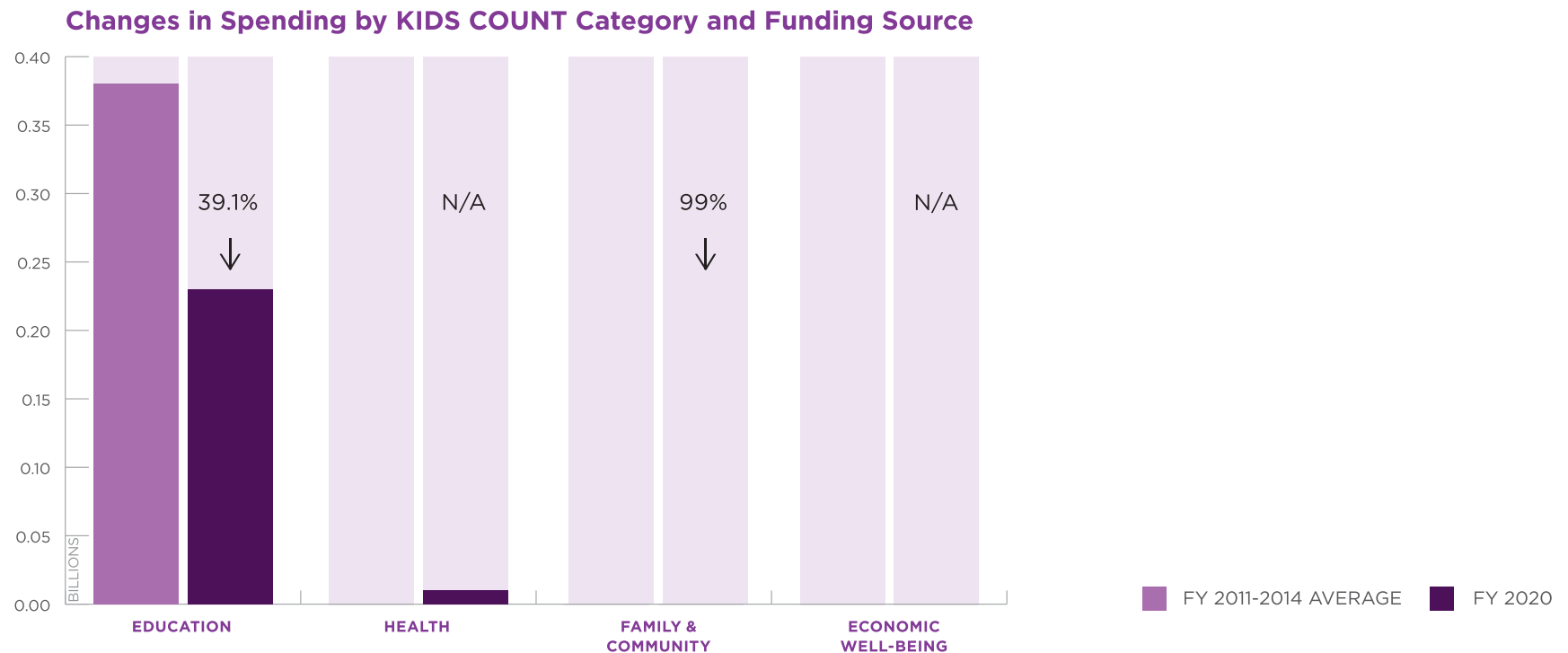
This section only discusses the non-departmental portion of the Operating budget, which is the portion that flows to statewide items such as retirement system payments, debt service, fund transfers, and fund capitalization, and not through departments.

* Negative values can occur in the Children's and Non-Children's portions of this component of the Operating budget as funds are transferred between sources. However, at no time is there a "negative budget" for the entire non-departmental portion of the budget.



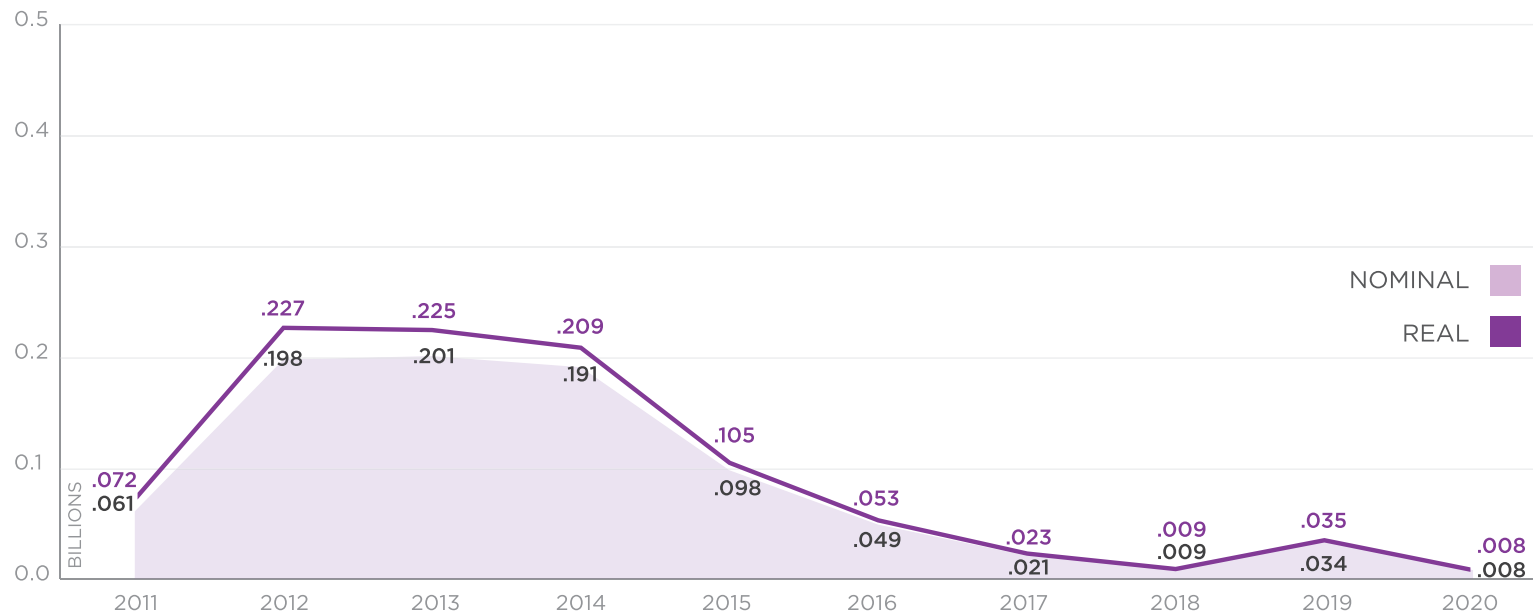
Non-Departmental KIDS COUNT Spending

UGF historically makes up more than 90 percent of the non-departmental Operating budget. Nearly 97 percent of this sub-budget has flowed to the KIDS COUNT category of Education as Alaska has made payments to the Teachers' Retirement System and reimbursed municipalities for a portion of debt associated with new school construction. The State of Alaska suspended the new debt portion of the school bond reimbursement program in 2015 and lowered reimbursements through gubernatorial veto with the FY 2020 budget.



How has Capital budget spending on the Children's Budget changed over time?

FY 2020 spending on Capital budget items in Children's Budget items has fallen substantially, whether adjusted for inflation or not. By both measures, spending in FY 2020 will be 95 percent lower than the annual average between FY 2011-2014 and 92 percent below the annual average between FY 2011-2019. The Capital portion of the Children's Budget in FY 2020 is \$8.4 million dollars compared to FY 2011-2014 annual averages of \$163 million in nominal terms and \$183 million in inflation adjusted terms.



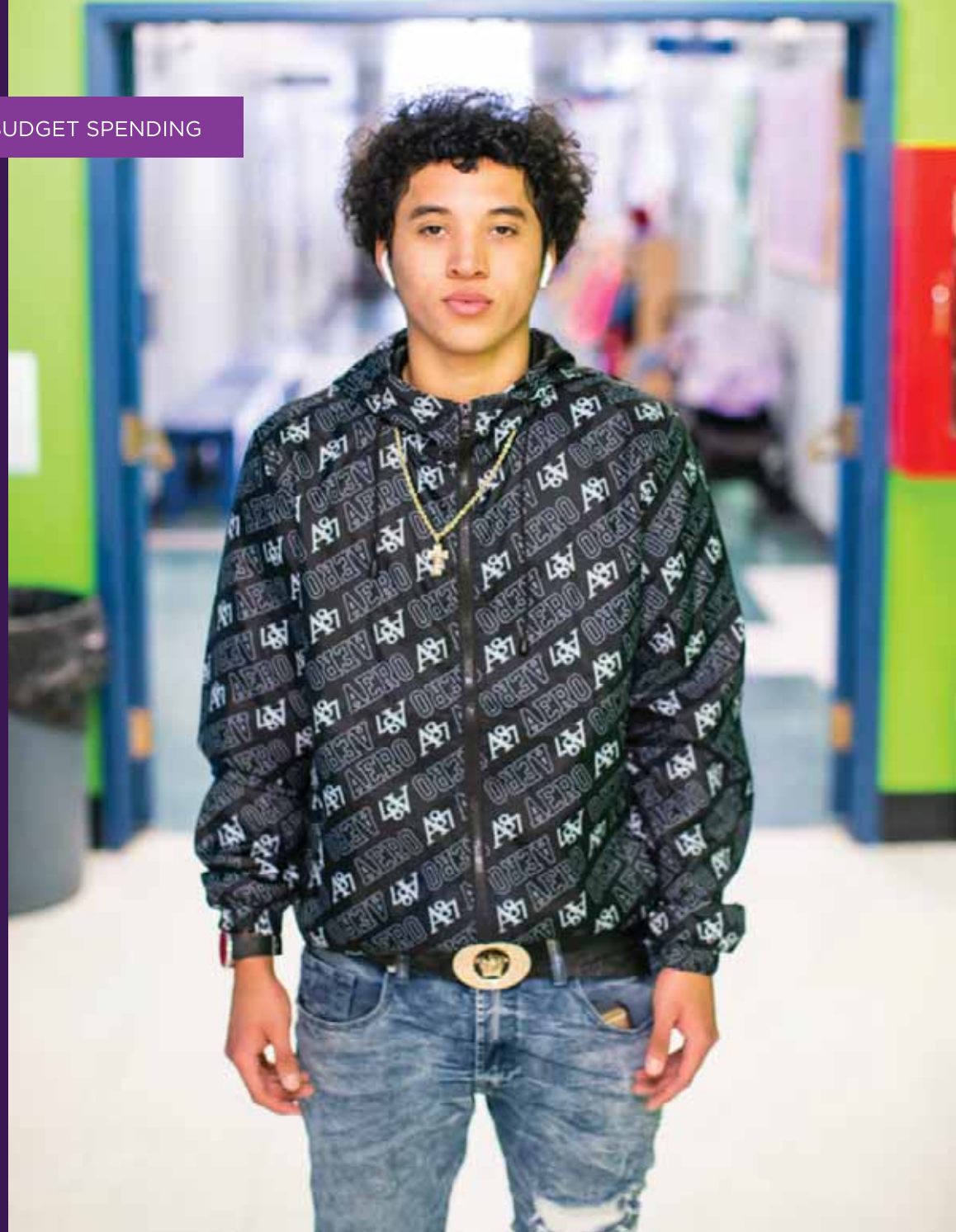
In real terms, Capital budget spending in FY 2020 will be 95 percent lower than the FY 2011- 2014 average.

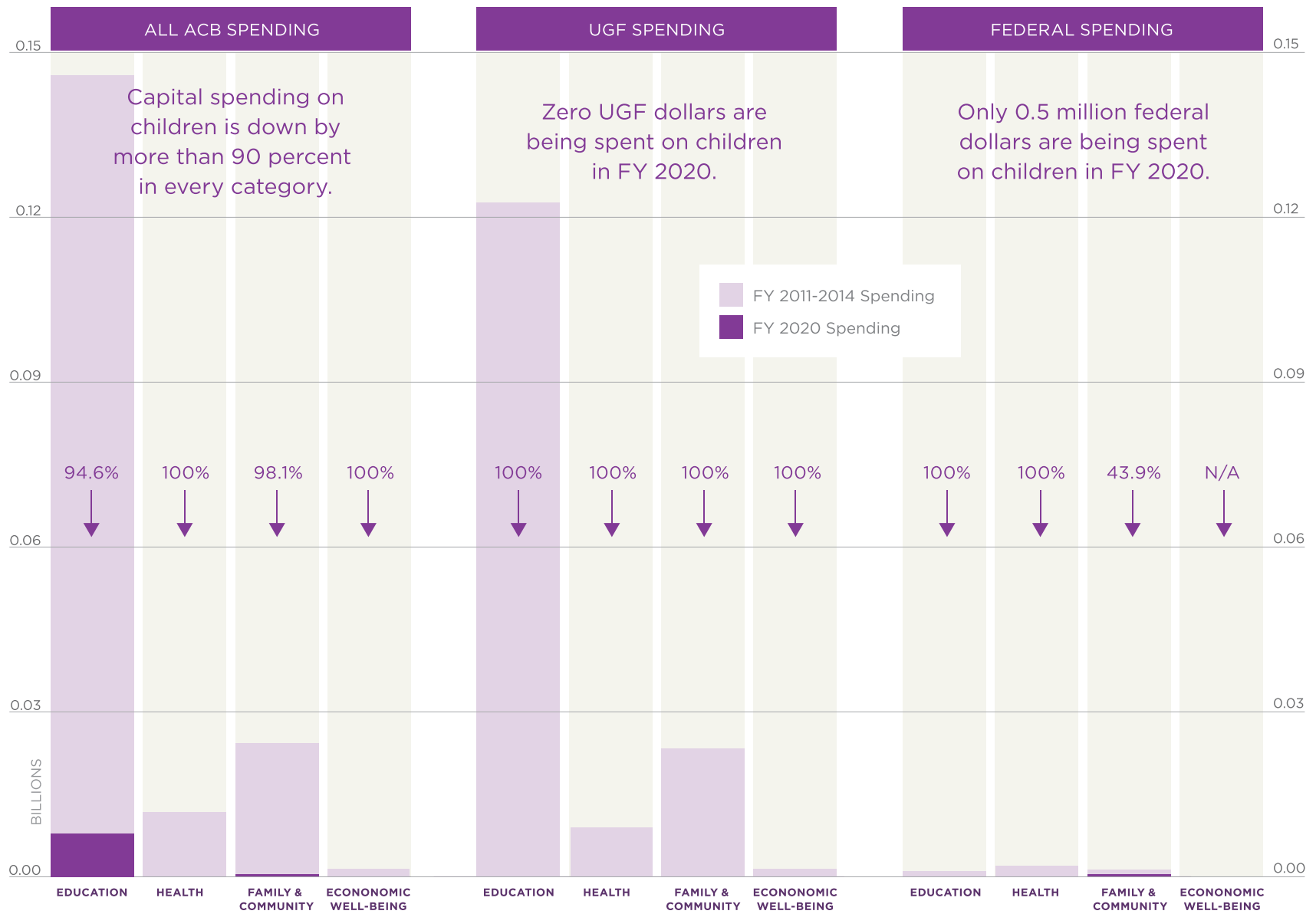


The Children's Capital budget has collapsed.

What does this mean for our children's education, health, family & community, and economic well-being?

Capital spending in the Children's Budget is down by more than 90 percent in every KIDS COUNT category, whether viewing spending from all sources, UGF, or Federal monies. Comparing the Children's budget with the non-Children's Budget remainder of the Capital budget, the Children's budget portion has not fared well. The non-Children's Budget remainder is down slightly more than 50 percent in real terms when considering all funding sources, while UGF spending on the non-Children's Budget remainder is down roughly 90 percent. This difference likely exists because federal matches in the Capital budget focus on transportation and not Children's Budget areas. For example, there are far fewer federal matching dollars to fund building and maintaining schools than there are for building and maintaining highways.





How are we investing in Alaska's children with our Capital budget?

Regarding changes in what Alaska is buying with the capital portion of the Children's Budget, the study found that the average annual spending on:

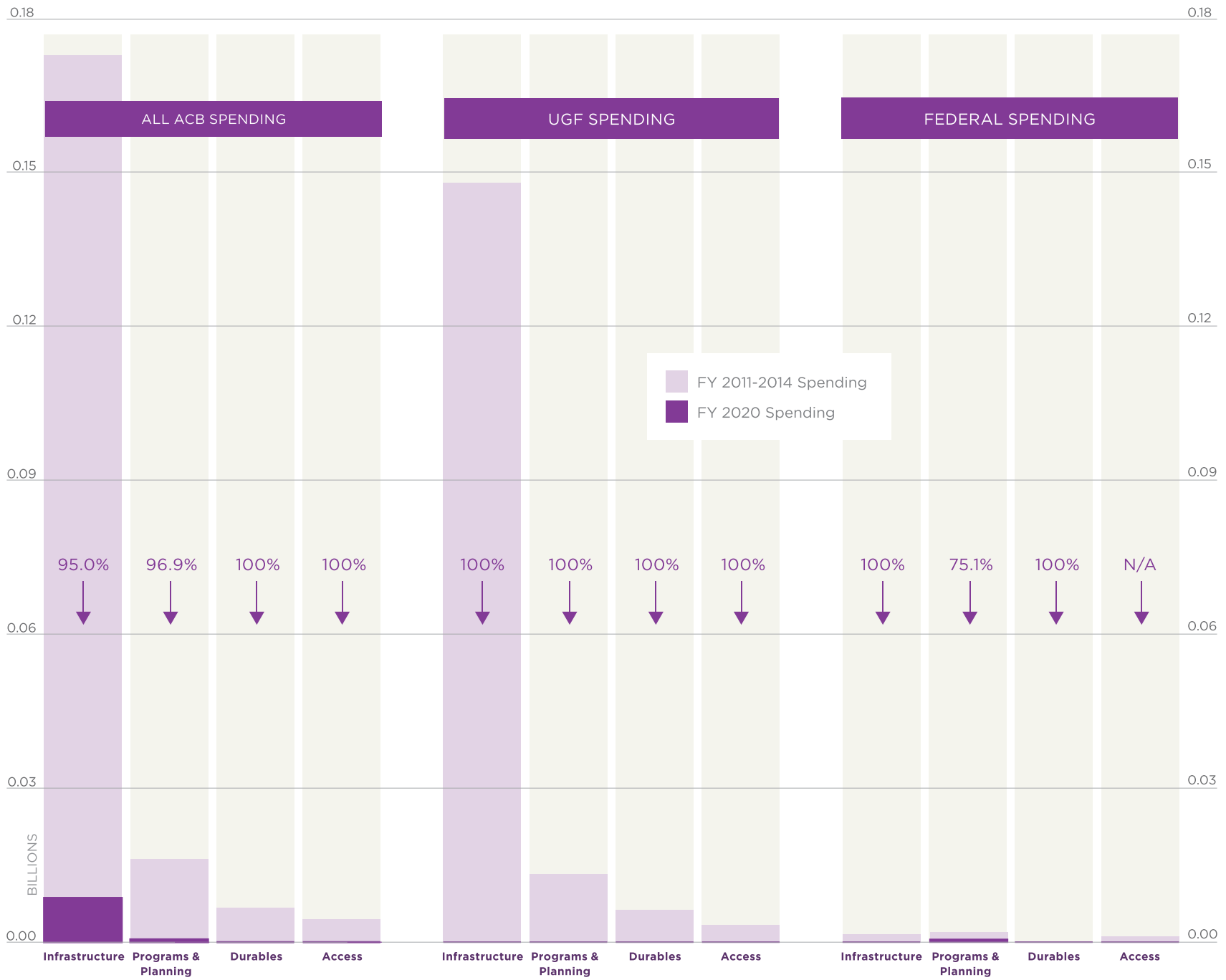
Infrastructure (such as schools) is down 95 percent in real terms from an FY 2011-2014 average of \$158 million per year to \$7.9 million in FY 2020.

Programs and Planning (such as dropout prevention and mentorship programs) is down nearly 97 percent in real terms from an FY 2011-2014 average of \$14.8 million per year to less than \$500,000 in FY 2020.

Durables (such as vehicles, computers, and technology) is down 100 percent in real terms from an FY 2011-2014 average of \$6 million per year to no planned spending in FY 2020.

Access projects (such as ADA-compliant ramps) is down 100 percent in real terms from an FY 2011-2014 average of \$4 million per year to no planned spending in FY 2020.







How can Alaska refocus on children?

In 2015, before the start of Alaska's 2015-2018 economic recession, Alaska ranked as high as 27th out of the 50 states in the Annie E. Casey Foundation's KIDS COUNT ranking. By 2019, the state ranked 45th, having lost significant ground not just in comparison to other states but also in real metrics like the portion of children living in poverty and the rate of child and teen death. Concurrently, but particularly in FY 2020, our investment in children eroded in real terms:

- The FY 2020 departmental Operating budget is down 3 percent, or \$90 million, comparing this year to the FY 2011-2014 average.
- The FY 2020, non-departmental Operating budget, which invests in items such as school debt reimbursement, is 36 percent smaller than FY 2011-2014, a drop of \$140 million of investment annually.
- The FY 2020 Capital budget devoted to children is down more than 95 percent compared to early last decade and amounts to less than \$10 million dollars in FY 2020.

All told, Alaska is investing \$400 million less in children in real terms in FY 2020 than our average annual investment between FY 2011 and FY 2014. While much of this reduction is from less Capital and debt reimbursement spending, we are spending \$120 million less on Education in FY 2020 in real terms than we averaged between FY 2011 and FY 2014.

The state budget represents Alaskan's priorities. Today, Alaska is at a very important crossroads. We are beginning to see the impacts of reducing our investment in children materialize. In FY 2020, only the criminal justice system saw the State's only increase in funding and we are falling behind in child well-being ranking. Alaska faces the real likelihood that slipping investments in children now will be revisited upon us through higher costs later. These costs will be borne by all of us: citizens, employers, and governments, large and small. The question before us is how we stop the erosion of children's well-being and the erosion of Alaska's future.

To establish a sustainable budget, reduce long term costs, and build thriving communities, Alaska needs to refocus on children. How can we do this?



How do we transform the budget into action?

1 Look at the budget through a different lens. The budget is more than just numbers and mathematical formulas.

Too often, children are an afterthought in the budget process. By looking at the budget through a children's focused lens, it forces one to examine if the budget is in line with our priorities and values. The Alaska Children's Budget should drill even deeper to look how the overall level of investment break out by specific focus area like child welfare, substance treatment, or primary prevention versus tertiary.

2 Focus on upstream policy choices with significant downstream benefits.

Alaska must consider if it is on the verge of buying itself a literal and figurative deferred maintenance problem in children. A lack of investment in children will have negative downstream consequences for Alaska just as non-investing in your home or car results in higher costs later on. Upstream investments in children are repaid many-fold as those children become adults. Similarly, a lack of upstream investments results in higher downstream costs associated with crime and corrections, lower economic productivity, and higher healthcare costs. Upstream investments include items such as high-quality early childhood care and education (particularly for low income families and children), reducing Adverse Childhood Experiences (ACEs), healthy relationships for youth, growing resilience, training in trauma-informed practices, maximizing childhood health insurance coverage, promoting behavioral wellness, increase access to voluntary use of long acting reversible contraception, and promoting suicide prevention.

3 Maximize federal dollars flowing into Alaska's economy just as we do for the non-children's portion of the budget.

This action requires continuing investment in high match areas like early childhood education, Medicaid for children, and exploring new areas which might bring additional federal dollars like tribal compacting for education and child welfare. For example, Alaska has the second highest rate of uninsured children in the nation (Alaska is 9.4 versus USA 5.2). The federal reimbursement rate is 90 percent. These are the types of funds that could be utilized to support school nurse and counselors at a much reduced cost compared to funding the support 100 percent or worse, not having the service at all.

4 Develop a statewide plan focusing on child well-being and reversing Alaska's slide in the KIDS COUNT metrics.

Such a plan will require us to put children first, think upstream, and support a trauma-informed methodology. It will allow Alaska to align the budget with our priorities and most importantly the value all Alaskans hold - all children in Alaska deserve to grow-up in a safe, stable, and nurturing environment.

5 Stop allowing current resources to be a barrier to creating a better future.

Imagine the Alaska we want for our children. How do we create and execute the plan to achieve this vision while using current data? Too often the conversation begins with, "we only have so much money". If we start with only what we have for revenue, we have lost. If we want to ensure our children thrive and our families have the resources they need to fully contribute to our communities, we must be more resourceful with our existing revenue and find new sources of revenue.



APPENDIX

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Table 1. The FY 2020 Children’s Budget

CATEGORY	AMOUNT (\$BILLIONS)
Children’s Budget	
Agency Operating	2.90
Other Operating	0.24
Capital Budget	0.01
Total Children’s Budget	3.15
Non-Children’s Budget	
Operating Budget	6.23
Capital Budget	1.27
Total Non-Children’s Budget	7.50
Total Budget (Non-Children’s + Children’s)	
Total Operating Budget	9.38
Total Capital Budget	1.28
Total Budget	10.66

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Table 2. FY 2020 Operating Budget Breakdown by Funding Category and Children’s Budget Status

BUDGET BREAKDOWN (\$ BILLIONS)			
Funding Category	Children’s Budget	Non-Children’s Budget	Total
UGF	2.021	3.027	5.048
DGF	0.083	0.800	0.884
Other	0.039	0.688	0.727
Federal	1.001	1.718	2.719
Total	3.144	6.233	9.378

Due to rounding, sub-totals and individual items may not add up perfectly.

* FY 2020 Capital budget data shown to the fourth digit as some appropriations totals are greater than zero, but less than \$1 million.

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Table 3. FY 2020 Capital Budget Breakdown by Funding Category and Children’s Budget Status

BUDGET BREAKDOWN (\$ BILLIONS)			
Funding Category	Children’s Budget	Non-Children’s Budget	Total
UGF	0.1474	0.0000	0.1474
DGF	0.0305	0.0074	0.0379
Other	0.0718	0.0005	0.0723
Federal	1.0217	0.0005	1.0221
Total	1.2713	0.0084	1.2797

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Table 4. How We Spent the Operating Budget, FY 2020

BUDGET BREAKDOWN (\$ BILLIONS)			
Funding Category	ACB	Non-ACB	Total
Agency-DHSS	1.19	1.81	3.09
Agency-DEED	1.61	0.04	1.65
Agency-Other Departments	0.10	3.10	3.11
Non-Agency-Operating	0.25	1.28	1.53
Total	3.14	6.23	9.38

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Table 5. How We Spent the Operating Budget, FY 2020 KIDS COUNT

BUDGET BREAKDOWN (\$ BILLIONS)	
Funding Category	ACB
Education	1.87
Health	0.81
Family & Community	0.28
Economic Well-Being	0.18
Total	3.14

Table 6. How We Spent the Capital Budget, FY 2020*

BUDGET BREAKDOWN (\$ BILLIONS)			
Funding Category	ACB	Non-ACB	Total
Infrastructure	1.1177	0.0079	1.1256
Programs and Planning	0.1071	0.0005	0.1075
Durables	0.0449	0.0000	0.0449
Access	0.0017	0.0000	0.0017
Total	1.2713	0.0084	1.2797

Table 7. How We Spent the Capital Budget, FY 2020 KIDS COUNT

BUDGET BREAKDOWN (\$ BILLIONS)	
Funding Category	ACB
Education	0.0079
Health	0.0000
Family & Community	0.0005
Economic Well-Being	0.0000
Total	0.0084

Table 8. FY 2011–2020 Operating Budget, Nominal vs. Real

Fiscal Year	NOMINAL			INFLATION ADJUSTED (2019 DOLLARS)		
	Non-ACB	ACB	Total	Non-ACB	ACB	Total
2011	4.46	2.52	6.98	5.28	2.98	8.27
2012	4.57	2.62	7.19	5.25	3.01	8.26
2013	4.76	2.68	7.44	5.34	3.01	8.35
2014	4.87	2.69	7.56	5.33	2.94	8.27
2015	4.97	2.79	7.77	5.37	3.02	8.39
2016	4.92	2.79	7.71	5.32	3.02	8.34
2017	5.01	2.87	7.89	5.37	3.08	8.45
2018	5.24	2.95	8.20	5.56	3.13	8.69
2019	5.16	2.99	8.15	5.29	3.07	8.37
2020	4.95	2.90	7.85	4.95	2.90	7.85

APPENDIX

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Table 9. Changes in Spending by KIDS COUNT Category and Funding Source

Kids Count Category	ALL ACB SPENDING			UGF SPENDING			FEDERAL SPENDING		
	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change
Education	1.75	1.63	-6.5	1.41	1.33	-5.8	0.30	0.26	-11.5
Health	0.73	0.80	8.8	0.32	0.23	-27.6	0.37	0.53	41.2
Family & Community	0.27	0.28	4.2	0.19	0.19	-1.3	0.07	0.08	13.0
Economic Well-Being	0.24	0.19	-21.4	0.08	0.05	-38.2	0.15	0.13	-11.6
Total	2.99	2.90	-2.9	2.01	1.80	-10.2	0.89	1.00	12.6

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Table 10. FY 2011-2020 Non-Departmental Operating Budget, Nominal vs. Real

Fiscal Year	NOMINAL			INFLATION ADJUSTED (2019 DOLLARS)		
	Not ABC	ACB	Total	Not ABC	ACB	Total
2011	3.62	0.23	3.86	4.292	0.276	4.568
2012	3.88	0.34	4.23	4.464	0.396	4.861
2013	1.9	0.37	2.27	2.135	0.412	2.548
2014	2.15	0.42	2.57	2.349	0.459	2.808
2015	-0.41	1.71	1.30	-0.0440	1.844	1.404
2016	2.51	-0.05	2.46	2.711	-0.057	2.654
2017	1.14	0.31	1.44	1.218	0.328	1.546
2018	1.15	0.27	1.42	1.217	0.290	1.508
2019	1.62	0.31	1.93	1.662	0.314	1.977
2020	1.28	0.25	1.53	1.283	0.246	1.529

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Table 11. Changes in Spending by KIDS COUNT Category and Funding Source

Kids Count Category	ALL ACB SPENDING			UGF SPENDING			FEDERAL SPENDING		
	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change
Education	0.38	0.23	-39.1	0.38	0.22	-43.5	0.00	0.00	0.0
Health	0.00	0.01	N/A	0.00	0.00	N/A	0.00	0.00	0.0
Family & Community	0.00	0.00	-99	0.00	0.00	N/A	0.00	0.00	0.0
Economic Well-Being	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	0.0
Total	0.39	0.25	-36.3	0.38	0.22	-43.5	0.00	0.00	0.0

Table 12. FY 2011–2020 Capital Budget, Nominal vs. Real

Fiscal Year	NOMINAL			INFLATION ADJUSTED (2019 DOLLARS)		
	Not ABC	ACB	Total	Not ABC	ACB	Total
2011	1.591	0.061	1.652	1.884	0.072	1.956
2012	2.683	0.198	2.881	3.084	0.227	3.311
2013	3.045	0.201	3.246	3.419	0.225	3.644
2014	2.024	0.191	2.215	2.213	0.209	2.422
2015	1.965	0.098	2.063	2.123	0.105	2.228
2016	1.454	0.049	1.504	1.572	0.053	1.625
2017	1.567	0.021	1.588	1.679	0.023	1.702
2018	2.474	0.009	2.483	2.622	0.009	2.632
2019	1.612	0.034	1.647	1.654	0.035	1.689
2020	1.271	0.008	1.280	1.271	0.008	1.280

Table 13. Changes in Real Spending by KIDS COUNT Category and Funding Source

Kids Count Category	ALL ACB SPENDING			UGF SPENDING			FEDERAL SPENDING		
	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change
Education	0.1458	0.0079	-94.6	0.122706	0.0000	-100.0	0.001	0.0000	-100.0
Health	0.0118	0.0000	-100.0	0.008961	0.0000	-100.0	0.002	0.0000	-100.0
Family & Community	0.0243	0.0005	-98.1	0.023437	0.0000	-100.0	0.001	0.0005	-43.9
Economic Well-Being	0.0014	0.0000	-100.0	0.001369	0.0000	-100.0	0.000	0.0000	N/A
Total	0.1833	0.0084	-95.4	0.156472	0.000	-100.0	0.004	0.0005	-89.3

Table 14. Changes in Real Spending by “What We Bought” and Funding Source

Kids Count Category	ALL ACB SPENDING			UGF SPENDING			FEDERAL SPENDING		
	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change	FY11-FY14 Avg	FY20	Change
Infrastructure	0.158393	0.0079	-95.0	0.13558	0.0000	-100.0	0.0014	0.0000	-100.0
Programs and Planning	0.014808	0.0005	-96.9	0.01208	0.0000	-100.0	0.0018	0.0005	-75.1
Durables	0.006078	0.0000	-100.0	0.00579	0.0000	-100.0	0.0001	0.0000	-100.0
Access	0.004055	0.0000	-100.0	0.00303	0.0000	-100.0	0.0010	0.0000	N/A
Total	0.183333	0.0084	-95.4	0.15647	0.000	-100.0	0.0043	0.000	-89.3

GLOSSARY

Alaska Children's Budget

A fiscal mapping tool which documents how Alaska chooses to spend its state financial resources, including federal pass throughs, on supporting children, youth, and families.

Capital Budget

A plan for the distribution of state financial resources for items which have an anticipated life that exceeds one year, and which usually costs at least \$25,000. Capital budget appropriations lapse only if funds remain after the project is completed.

Children

For the purpose of this analysis, the "children" in "Alaska's Children's Budget" includes all Alaska residents under the age of 18 and families with children under the age of 18 if those families are enrolled in programs where the parent/guardianship of those children is a qualifying element of the program.

Departmental

Elements of the Operating budget related to the 15 administrative units of Alaska's executive branch of government plus the University of Alaska, the Office of the Governor, the Office of the Lt. Governor, and administrative funding for the Alaska State Legislature.

Designated General Funds (DGF)

State-generated funds with statutory designations or restrictions. The Alaska Constitution prohibits the dedication of most funds, but for certain funding sources the legislature declares its intent for how these funds shall be used. While the legislature can designate these funds for other uses, the legislature generally tries to follow the original legislative intent.

Federal Funds (Federal)

Funds received from the federal government which must generally be spent in accordance with the associated federally supported program.

KIDS COUNT

KIDS COUNT is a project of the Annie E. Casey Foundation to track the well-being of children in the United States. By providing high-quality data and trend analysis through its KIDS COUNT Data Center, the Foundation seeks to enrich local, state and national discussions concerning ways to secure better futures for all children — and to raise the visibility of children's issues through a nonpartisan, evidence-based lens. The Alaska Children's Trust produces the KIDS COUNT data and reports for Alaska in partnership with the Annie E. Casey Foundation.

KIDS COUNT Categories

Economic Well-Being

KIDS COUNT measures Economic Well-Being by tracking four measures: children living in poverty, children whose parents lack secure employment, children living in households with a high cost housing burden, and teens not in school and not working. The ACB codes spending to the Economic Well-Being category if the spending would primarily affect these, or similar, indicators.

Education

KIDS COUNT measures Education by tracking four measures: young children (age 3 & 4) not in school, fourth graders not proficient in reading, eighth graders not proficient in math, and high school students not graduating on time. The ACB codes spending to the Education category if the spending would primarily affect these, or similar, indicators.

Family & Community

KIDS COUNT measures Family & Community by tracking four measures: children in single-parent families, children in families where the head of household lacks a high school diploma, children living in high poverty areas, and teen births. The ACB codes spending to the Family & Community category if the spending would primarily affect these, or similar, indicators.

Health

KIDS COUNT measures Health by tracking four measures: low-birth weight babies, children without health insurance, children and teen deaths per 100,000, and teens who abuse alcohol and drugs. The ACB codes spending to the Health category if the spending would primarily affect these, or similar, indicators.

Legislative Finance Division

A non-partisan division of the State of Alaska which provides services to the Alaska State Legislature necessary to analyze and produce the state's budgets.

Non-Departmental

Elements of the Operating budget unrelated to the administrative units of Alaska's executive branch of government identified in the Departmental definition. This category includes items such as state retirement payments, Permanent Fund Dividend expenditures, debt payments and reimbursement, and other statewide items.

Operating Budget

A plan for the yearly distribution of state resources to cover the ongoing operations of state programs. Operating budget appropriations are typically made for a fiscal year and any unexpended or unobligated funds lapse, or revert, to the general fund at the end of the fiscal year.

Other Funds (Other)

The "other" fund category includes funding categories "over which the legislature has limited discretion". The fund also includes interagency receipts which are funds that one department pays another for services provided. The dataset for this analysis excludes these "duplicate funds" to avoid double counting expenditures.

Real Dollars

Historical spending amounts adjusted for the effect of inflation on the state's purchasing power. When discussing changes in spending over time this document adjusts historical budgets for inflation to FY 2020 dollars which allows the reader to understand how the purchasing power of spending has changed over time.

Spending Category- Access

This category describes Capital budget spending on ADA-compliance items such as ramps, barrier removal, entrance widening, accessible parking, and restroom upgrades.

Spending Category- Durables

This term describes Capital budget spending on items designed to last three years or longer such as vehicles, computers, furniture, and books.

Spending Category- Infrastructure

This term describes Capital budget spending on long-lived physical investments such as roads, building, and pathways.

Spending Category- Programs and Planning

This term describes Capital budget spending on items such as grants to programs which would primarily be used to fund operational expenses or used to fund studies.

Unrestricted General Funds (UGF)

State-generated funds which have no statutory designations or restrictions. These funds can be appropriated for any purpose making them the most flexible source of funds. They are primarily generated through royalties and taxes placed on the severance of Alaska's oil resources and through the transfer of Permanent Fund earnings to the General Fund.

Nominal Dollars

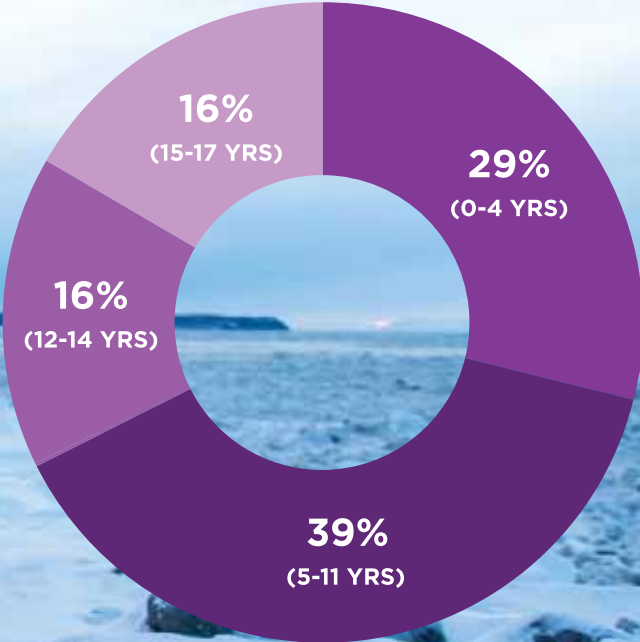
Dollars which are unadjusted for the effect of inflation over time. Nominal dollar amounts in this report are the dollar amounts appropriated through budget process.



Child Population, 2016

Data Source: U.S. Census Bureau | Available at: KIDS COUNT Data Center

- Ages 0 to 4 = 54,115
- Ages 5-11 = 73,401
- Ages 12 to 14 = 29,721
- Ages 15 to 17 = 30,090

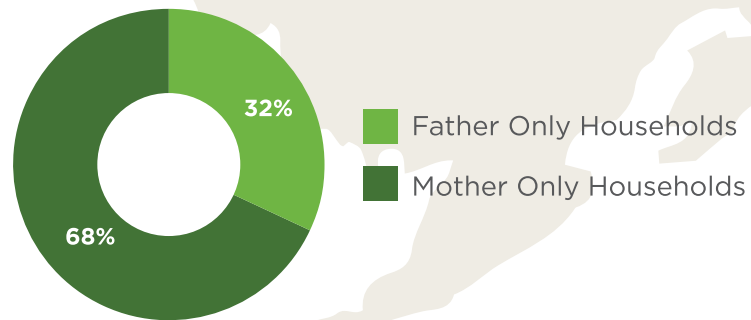
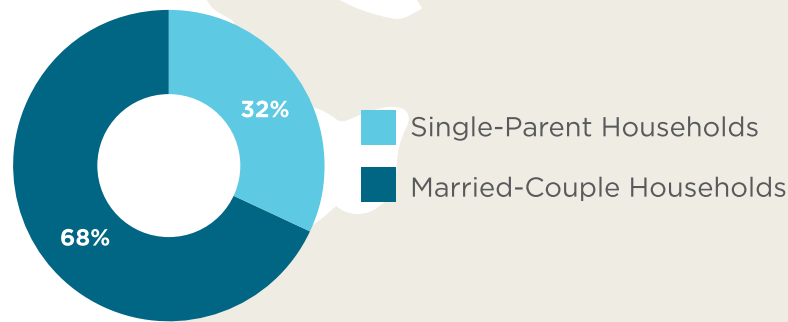


Demographic Data

Children by Age Group, Regional Info, Diversity Race, Household Type

Household Type 2011-2015

Data Source: American Community Survey | Available at: KIDS COUNT Data Center



Alaska Child Population (0-19) by Region, 2016

Region	# of Children (0-19)	% of AK Child Population
Anchorage	81,772	6%
Gulf Coast Region	21,772	13%
Interior Region	31,041	6%
Matanuska-Susitna	31,704	3%
Northern Region	9,424	1%
Southeast Region	18,054	5%
Southwest Region	14,109	65%
Alaska	207,131	100%

Data Source: Alaska DOLWD | Available at: KIDS COUNT Data Center

Diversity of Alaska Child and Adult Population, 2016

Race	Child (0-17) Population	Adult (18+) Population
Hispanic or Latino	10%	6%
Alaska Native or American Indian alone	18%	13%
Asian alone	6%	6%
Black alone	3%	3%
Native Hawaiian and Other Pacific Islander alone	2%	1%
Two or More Race Groups	12%	5%
White alone	50%	65%

Data Source: U.S. Census Bureau | Available at: KIDS COUNT Data Center



Children are 25%
of our population –
100% of our future.

Who is the Alaska Children’s Trust?

Alaska Children’s Trust (ACT) is the lead, statewide nonprofit organization dedicated to the prevention of child abuse and neglect. ACT was first established in legislation in 1988 and was later endowed with a one-time deposit by the State of Alaska of six million dollars. The Children’s Trust fund grew over the years with the support of donors. By 2012, with the support of the Governor, legislature and community, ACT transitioned to be an independent 501(c)(3) nonprofit. One of our three key roles is to be an advocate for children and families. As a bipartisan organization, we advocate to actively influence public policy within political, economic and social systems and institutions. We take a unique approach to advocacy, engaging both traditional and nontraditional partners in a broad range of efforts to increase investments in programs that address the needs of our children. Our goal is to ensure that children and families have the resources to thrive.

Acknowledgements

The inaugural Alaska Children’s Budget (2020) was made possible with the generous support and encouragement of the Annie E. Casey Foundation, Ford Foundation, and Rasmuson Foundation.

Thank you to the team of Alaska Children’s Trust for their continued critical support of our efforts on the behalf of Alaska’s children.

Alaska Children’s Trust Team

Thank you to the entire ACT team for their support and dedication to this project and our mission to prevent child abuse and neglect.

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Alaska Legislative Finance Division

Alaska Department of Education and Early Childhood Development

Alaska Department of Fish and Game

Alaska Department of Health and Social Services

Alaska Office of Management and Budget

Our Review Team

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