



## **Fiscal Policy Study Group: State Department Budgets—What, Why, How Well?**

Over the last ten years the state non-capital budget spending has increased 102%--from \$2.2 billion in FY 2004 to \$4.4 billion in 2014.

In CWN's study on the "Long Term Economic Sustainability for the State of Alaska" (January 2013) we noted that the current level of spending is unsustainable and it's imperative the state implement a long-term fiscal plan, which will require spending restraints.

CWN has found that current fiscal discussions primarily focus on the revenue side of the state's ledger or on capital project spending. Minimal public attention or discussion is given to the recurring cost drivers of other state spending.

### **Study Group Goals**

1. Increase understanding of what the cost drivers are of non-capital spending budget over the last ten years and the forecasted impact over the next ten years;
2. Understand the impact and nature of formula-driven programs and the latitude for change;
3. Identify effectiveness of state programs through a review of its performance measure framework (per AS 37.07.050) in terms of results delivered and resources required.

### **Potential Work Products**

1. Through research, offer comment on the cost drivers to the operating budget's rate of growth (i.e. overall, salaries/benefits, program expansion); how Alaska compares to other entities; suggestions/options for cost savings/efficiencies;
2. Offer comment from a citizen's perspective on the program and cost effectiveness of state programs in fulfilling their mission/purpose
3. Develop recommendations to the Legislature and Governor on steps to address identified concerns