

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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MEMORANDUM

DATE: January 28, 2019

TO: Senator Bert Stedman, Senate Finance Co-Chair
Senator Natasha von Imhof, Senate Finance Co-Chair
Helen Phillips, House Finance Assistant

FROM: David Teal,
Legislative Fiscal Analyst

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SUBJECT: Agency responses to FY19 Legislative Intent Language

This memorandum restates FY19 legislative intent (*italics*) for each agency and provides agency responses (indented) to our request for status reports. Responses are broken into three groups. The first group contains responses from agencies indicating noncompliance and stating their reasons for not complying with intent. The second group contains responses from agencies indicating a partial compliance with intent. The third group contains responses indicating that an agency has complied with legislative intent.

Agencies Not in Compliance (with Reasons for Noncompliance)

DEPARTMENT OF PUBLIC SAFETY

1. Village Public Safety Officer Program/ Village Public Safety Officer Program
Operating Budget (CCS HB 286)

It is the intent of the legislature that the VPSO Rural Firefighter Specialist Training remain in Sitka.

The DPS VPSO Program works in close partnership with the DPS Division of Fire and Life Safety's Office of Rural Fire Protection to provide required Rural Fire Protection Specialist training to VPSOs. This training is conducted once has been held in various locations to include Sitka and Bethel. With decreased funding and a desire to provide increased training opportunities the VPSO Program and Office of Rural Fire Protection implemented a pilot project to move the training to Palmer for the FY2018 training.

The Office of Rural Fire Protection (ORFP) facilitated the Rural Fire Protection Specialist (RFPS) Training held in June 2018 in Palmer. The following statistics relate to the course demographics:

- 21 participants attended from 17 different communities
- 8 Civilians completed the Basic Fire Fighter training, which is one component of the RFPS training
- 11 Village Public Safety Officer's (VPSO's) completed the full RFPS training
- 2 Civilian Fire Chiefs completed the full RFPS training (Which has never been offered to non-VPSOs in the past)

Feedback from the VPSO's and civilian firefighters consistently indicated that the benefits of training together far outweighed the challenges of this pilot program. For instance, the civilian participants felt they had a better understanding of what work and limitations the VPSO's face in their communities. The VPSO's reported the training allowed them to have a better understanding of the role they share with their local firefighters. The combined training offered unique opportunities for the VPSO's to work side-by-side with fire fighters living in the same communities that they also serve.

With the completion of the FY2018 training, it is now possible to do a cost benefit analysis. After a debrief with the VPSO office and the ORFP staff and instructors involved in the pilot training, the consensus was to continue to pursue opportunities for a blended RFPS training program. Future considerations include the use of cost effective locations that provide the essential infrastructure, equipment, facilities, and accommodations for students and instructors as well as meeting the mission of providing required training for VPSOs and training rural firefighters. A final determination on that location will be made in late 2018 or early 2019.

Legislative Fiscal Analyst Comment: Although DPS has not definitively stated that the rural firefighter specialist training will not occur in Sitka, LFD has categorized this intent as non-compliant for the following reasons:

- 1) The RFPS training was held in Palmer in June 2018.
- 2) After debriefing, the consensus was to continue to pursue opportunities for a blended RFPS training program that would not necessarily be located in Sitka.

However, DPS does indicate that a final determination of the location will be made in late 2018 or early 2019.

2. Statewide Support/ Alaska Wing Civil Air Patrol Operating Budget (CCS HB 286)

It is the intent of the legislature that the Alaska Wing Civil Air Patrol actively search for non-state funding to support its operations.

AS 18.60.146 states that the Department of Public Safety shall make the necessary administrative arrangements for maintaining liaison between the state and the Civil Air Patrol and the expenditure of money appropriated to the department for the state contribution toward the support of the authorized activities of the Alaska Wing, Civil Air Patrol, under its charter.

DPS has functioned as a pass-through agency for these funds since 1985 when the state's responsibility for the Alaska Wing Civil Air Patrol (CAP) was transferred from the Alaska Department of Military and Veterans' Affairs to DPS under Executive Order 059. The Alaska Wing CAP uses these funds to pay for operating the Lake Hood Aircraft Maintenance Facility and maintaining 14 existing hangars.

In August 2018, DPS and Alaska Wing CAP senior staff met with staff from Representative Dan Saddler's office to explain what the legislative intent language meant for the CAP. During that meeting, it was made clear to CAP staff by Representative Saddler's office that they should not anticipate receiving any further state funding beginning in FY2020.

Based on the legislative intent, DPS is proposing that the Alaska Wing Civil Air Patrol budget component and all associated funding be deleted in the Governor's FY2020 Budget.

Legislative Fiscal Analyst Comment: LFD considers the response **non-compliant** because

- 1) there wasn't an active search for non-state funding to support its operations and
- 2) funding for the Alaska Wing CAP was requested in the Governor's FY20 budget submission.

ALASKA LEGISLATURE

3. Legislative Council Operating Budget (CCS HB 286)

It is the intent of the legislature that the legislative council adopt a flat per diem rate for the first session of the 31st Alaska legislature.

The Legislative Council of the 30th Alaska Legislature did not adopt a flat per diem rate for the first session of the 31st Alaska Legislature; the Council chose to defer the decision to the incoming Council.

Agencies in Partial Compliance (with Reasons for Partial Compliance)**DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS****4. Military and Veterans' Affairs**

Operating Budget (CCS HB 286)

It is the intent of the legislature that the Department of Military and Veterans' Affairs and the Alaska Aerospace Corporation develop options to realize a return from the State's investment in the Alaska Aerospace Corporation and the associated State assets. The Department of Military and Veterans' Affairs shall submit a preliminary summary of the options and any relevant statute revisions to the House and Senate Finance Committees and to the Legislative Finance Division by September 30, 2018 and a final summary being submitted to the same committees by December 1, 2018.

On September 13, 2018 the Alaska Aerospace Board of Directors adopted a new company Policy Manual that included a new section (Chapter 6.10) for providing the State of Alaska with a dividend, based on a defined calculation as follows: "AAC will develop a procedure to calculate a dividend payment to the State of Alaska. The amount of the dividend will be determined by the Board of Directors based on a five- year rolling average of Net Income not to exceed twenty percent of Net Income."

All physical and assorted assets at the Pacific Spaceport Complex - Alaska (PSCA) are the property of the State of Alaska and, as such, the value of the physical assets belongs to the State. This includes the \$167,012,435 in Federal Grants used for construction and development of the PSCA.

As an independent corporation of the State of Alaska, these actions do not require legislative action.

Legislative Fiscal Analyst Comment: Although DMVA did not list multiple options for providing a return on the state's investment, the corporation adopted policy providing for a dividend. Adoption of a policy goes beyond the words themselves and responds to the spirit of the intent language.

DMVA did not submit proposed statute revisions on grounds that they were unnecessary in view of the corporation's independence and the dividend policy adopted by the board.

Other state corporations—including AHFC and AIDEA—have the same independent status as the AAC yet have statutory language regarding dividends. The reason for statutory dividend language is to ensure that the board does not independently change the policy.

Agencies in Compliance

DEPARTMENT OF ADMINISTRATION

5. Centralized Administrative Services/ Labor Relations

Operating Budget (CCS HB 286)

Alaska is facing an increasing crisis regarding the recruitment and retention of Alaska State Troopers. It is the intent of the legislature to encourage the Department of Administration to review and adjust as needed contracts for Alaska State Troopers to ensure successful recruitment and retention to meet the Department's mission in ensuring the public safety of Alaskans.

The Department of Administration determined that the trooper class series pay was below market. As a result, and through a classification action, the trooper class series was increased by one range (equivalent to a 7.5% increase). Additionally, the Department of Administration entered into Letters of Agreement with the Public Safety Employees Association and the Supervisory Union (representing Department of Public Safety command staff) to implement a 7.5% cost of living adjustment effective upon legislative approval.

6. Sec. 25. RETIREMENT SYSTEM FUNDING.

Operating Budget (CCS HB 286)

(h) It is the intent of the legislature that the Alaska Retirement Management Board consider the funding ratio when recommending an amount for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system.

The Alaska Retirement Management Board considered the funding ratio when recommending an amount for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system. The June 21-22, 2018, Alaska Retirement Management Board meeting minutes state on page 4 of 45:

“MS. ERCHINGER directed the Board’s attention to the intent language added by the Legislature in Sec. 27(h) of HB 286 suggesting the Board consider the funding ratio when recommending an amount for deposit in the National Guard Naval Militia Reserve System (NGNMRS). As of the June 30, 2017 roll-forward valuation report, the plan is funded at 122%. MS. ERCHINGER reiterated the Board reviews each plan individually and stressed the importance the public is made aware of the process. With respect to NGNRS, the concern is the data from employers is incomplete and inaccurate. The particular nuances of that plan justify a funding ratio above 100%.”

Legislative Fiscal Analyst Comment: The response lacks explanation of incomplete and inaccurate data, and of nuances of the plan that justify a high funding ratio. Nevertheless, the contributions requested in the FY20 budget cover the normal and administrative costs of the system, with no additional contribution for past service costs. The request meets the intent of the legislature.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

7. Department of Commerce, Community and Economic Development Operating Budget (CCS HB 286)

It is the intent of the legislature that the Regulatory Commission of Alaska recommend adoption of updated telecommunication modernization regulatory standards in AS 42.05, the Alaska Public Utilities Regulatory Act, and deliver recommendations on how best to modernize outdated statutes to the House and Senate Finance Committees and to the Legislative Finance Division by February 19, 2019.

The Regulatory Commission is working on this response. Its process requires that after staff drafts proposed language, the matter is brought to a Public Meeting where it is discussed and voted upon by the Commission. Staff has forwarded proposed language to the Commission Chairman and it will be disseminated to the other Commissioners for consideration at the Public Meeting on December 12, 2018.

<p>Legislative Fiscal Analyst Comment: Discussion to address the legislative intent occurred at the December 12th meeting but nothing was finalized. The February 19th deadline for the proposed statutory revisions is intended to be met by RCA.</p>

8. Community and Regional Affairs Operating Budget (CCS HB 286)

It is the intent of the legislature that the Department of Commerce, Community & Economic Development submit a written report to the co-chairs of the Finance Committees and the Legislative Finance Division by October 1, 2018, that shows:

- a) the amount each community in Alaska that participates in the National Flood Insurance Program has paid into the program since 1980, how much has been paid out for claims, and the average premium for a home in a special flood hazard area.*
- b) for the top five states that have received more in funds paid out than premiums paid into the program since 1980, the amount paid into the program, the amount of claims paid out of the program, and the average premium for a home in a special flood hazard area.*

The department submitted this report on October 1, 2018.

9. Alcohol and Marijuana Control Office Operating Budget (CCS HB 286)

It is the intent of the legislature that the July 1, 2019, appropriation of the unexpended and unobligated program receipts from the licensing and application fees related to the regulation of marijuana of the Department of Commerce, Community, and Economic Development, Alcohol and Marijuana Control Office, be limited to the cost of marijuana regulation for the fiscal year ending June 30, 2020, and that the remaining unexpended and unobligated balance of program receipts from the licensing and application fees related to the regulation of marijuana on June 30, 2019, lapse into the general fund.

The Alcohol and Marijuana Control Office intends to limit carryforward of marijuana revenue at the end of FY2019 to the amount budgeted in FY2020 for marijuana regulation.

It is the intent of the legislature that licensing and application fees related to the regulation of the marijuana industry be maintained at a level that allows for the sum of \$4,646,100 to lapse into the general fund, at which time licensing and application fees may be adjusted to cover anticipated annual operating costs for marijuana regulation.

The Alcohol and Marijuana Control Office acknowledges the legislative intent language, and will comply with the intent language and begin to lapse excess marijuana program receipts to the general fund in FY2019. At the October 17, 2018, meeting of the Marijuana Control Board, the board initiated a regulations project to evaluate increasing licensing fees in order to ensure self-sufficiency and to allow excess program receipts to lapse into the general fund.

It is the intent of the legislature that the Alcohol and Marijuana Control Office report to the co-chairs of the Finance Committees and the Legislative Finance Division by January 1, 2020, the amount of program receipts from the licensing and application fees related to the regulation of marijuana that lapsed into the general fund.

The Alcohol and Marijuana Control Office intends to comply with the intent language by providing a report by the required date of funds lapsed to the general fund at the end of FY2019.

10. Regulatory Commission of Alaska

Operating Budget (CCS HB 286)

It is the intent of the legislature that the Regulatory Commission of Alaska produce a map of broadband coverage in the state, using the best available GIS data and technology. The Regulatory Commission of Alaska shall deliver a report summarizing mapping efforts and results to the Speaker of the House, the President of the Senate, the Co-Chairs of the House Finance Committee, the Co-Chairs of the Senate Finance Committee, and the Legislative Finance Division, by January 1, 2019.

The Regulatory Commission of Alaska (RCA) acknowledges the legislative intent language and will work with providers to report on the requested information. Some aspects of this request will require the voluntary participation of broadband providers. The RCA intends to submit an analysis by January 1, 2019.

Legislative Fiscal Analyst Comment: The Regulatory Commission of Alaska mailed hard copies of the broadband report to the parties named in the intent language on December 28, 2018. In addition, they posted the report online at:

<http://rca.alaska.gov/RCAWeb/ViewFile.aspx?id=3C73660D-431F-4CAA-9186-C6183C7518CE>.

DEPARTMENT OF CORRECTIONS

11. Administration and Support/ Office of the Commissioner Operating Budget (CCS HB 286)

It is the intent of the legislature that the Commissioner of Corrections take full advantage of the cost savings available through the tiered pricing structure as stated in the CRC contracts, by maximizing prisoner placement into these facilities while prioritizing public safety.

The Department continues to maximize the use of the CRCs by identifying eligible offenders in Community Residential Centers for prerelease transition. DOC is continually reviewing eligibility policies as well as exploring and implementing smaller community based transitional work-related housing options.

12. Population Management Operating Budget (CCS HB 286) and Mental Health (CCS HB 285)

It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize funding and implement solutions, that may include, but not be limited to transitional housing and diversion programs, that reduce the disparity in Alaska Native incarceration throughout the state.

The Department remains sensitive to regions with high Alaska Native incarceration rates and continues its efforts to explore transitional options statewide including work-release, industries, programming, and housing that will allow the return of these qualifying offenders to their regions.

13. Population Management/ Electronic Monitoring Operating Budget (CCS HB 286)

It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize expanding the Electronic Monitoring program to Bethel.

The Department has expanded the Electronic Monitoring (EM) contract to allow EM services in Bethel and continues efforts to implement electronic monitoring in this area. It is expected that full EM programming services will be available through the Pretrial Service Office once operational.

DEPARTMENT OF FISH AND GAME**14. Statewide Support Services/ Commissioner's Office**
Operating Budget (CCS HB 286)

To promote a streamlined and more efficient process, it is the intent of the legislature that the Department of Fish and Game explore whether one point of contact for project review and permitting is more efficient than the current process.

The Department of Fish and Game is exploring the efficiencies of having one point of contact for project review and permitting. The current system is the product of the effects of the move of Habitat Division to the Department of Natural Resources in 2003 and the subsequent return of the Habitat Division to Fish and Game in 2008. In 2008, a delegation of authority document was written to address the incorporation of Habitat Division back into the Department of Fish and Game and, to date, this document remains unchanged. We are in the process of revisiting and updating it to ensure that, for resource development activities, there would be a single point of contact.

OFFICE OF THE GOVERNOR**15. Office of the Governor/ Statewide Agency Deferred Maintenance**
Capital Budget (CCS SB 142)

It is the intent of the legislature that the Office of the Governor prioritize the deferred maintenance and repair needs of all state agencies and distribute this funding to address the highest priority issues. In this context, maintenance and repairs exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

The Office of the Governor has prioritized the needs of all state agencies and distributed the funding to address the highest priority issues. Please see attached memo, FY2019 Capital Budget Appropriation for Deferred Maintenance Projects, dated July 26, 2018.

Legislative Fiscal Analyst Comment: Please see attachment A for the July 26, 2018 memo from OMB Director Pat Pitney.

16. Sec. 5. LEGISLATIVE INTENT.
Operating Budget (CCS HB 286)

(a) It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2019.

(b) The money appropriated in this Act includes the amount necessary to pay the costs of personal services because of reclassification of job classes during the fiscal year ending June 30, 2019.

For items (a) and (b), departments are informed of the Legislature's intent and instructed to comply.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES**17. Department of Health and Social Services**

Operating Budget (CCS HB 286) and Mental Health (CCS HB 285)

It is the intent of the legislature that the department review fund sources in all allocations and reduce excess receipt authority where the department believes the collection of receipts is not achievable.

DHSS supports the legislative intent and has reviewed fund sources in all allocations in order to reduce excess receipt authority where the department anticipates unachievable receipt collection.

Legislative Fiscal Analyst Comment: There were no decrements removing uncollectible receipt authority in the FY20 budget submittal.

18. Department of Health and Social Services

Operating Budget (CCS HB 286)

At the discretion of the Commissioner of the Department of Health and Social Services, up to \$20,000,000 may be transferred between all appropriations in the Department of Health and Social Services, except that no transfer may be made from the Medicaid Services appropriation.

It is the intent of the legislature that the Department of Health and Social Services submit a report of transfers between appropriations that occurred during the fiscal year ending June 30, 2019, to the Legislative Finance Division by September 30, 2019.

DHSS supports the legislative intent and will provide a report to the Legislative Finance Division by the prescribed date.

It is the intent of the legislature that the operating budgets for the fiscal years ending June 30, 2020, and June 30, 2021, be prepared to reflect the actual or anticipated transfers between appropriations for the fiscal year ending June 30, 2019.

DHSS supports the legislative intent and will be prepared to reflect the actual or anticipated transfers between appropriations for the fiscal year ending June 30, 2019.

It is the intent of the legislature that the Department of Health and Social Services submit a report to the co-chairs of the Finance Committees and the Legislative Finance Division by November 15 of 2019 and 2020 on 1) disbursement and use of federal Disproportionate Share Hospital (DSH) dollars by community and regional hospitals, 2) the annual amount of federal DSH funds which the state is not claiming, and 3) future strategies for claiming those funds, including the possibility of hospitals matching those funds, to improve outcomes for patients, providers and the public.

The Department has been working toward distributing the federal Disproportionate Share Hospital (DSH) funding to hospitals in support of hospital based mental health care by contacting each non-tribal hospital in order to solicit interest in the Disproportionate Share Hospital (DSH) Program. Eleven (11) expressed interest in participating in the program, however, only seven (7) were determined to be eligible, representing an estimated amount of just

over \$4.0 million in reimbursements.

Unfortunately, not all hospitals were able to participate in the program as a result of the federal regulations governing DSH funds which are quite onerous and complex. For example, DSH funds may only be used for uncompensated patient care for Medicaid eligible services and not any other needs of hospitals such as construction, equipment purchases or security. Federal rules also prohibit tribal hospitals from participating. In order to determine if a hospital is eligible, the federal government requires that a series of calculations be made for each hospital. Many hospitals reported record-high profits in the qualifying year while at the same time, Medicaid Expansion has significantly reduced the level of uncompensated care for the facilities. In short, many hospitals could not meet the federally required good faith claim that their hospital required the funds given their level of uncompensated care.

Currently, the DSH Agreements are in final review with the Department of Law and will be sent to Hospitals for review and signature in the coming days. Preliminary analyses show that the next year's DSH program will be much larger because many hospitals are showing profit declines for the subsequent qualifying year's DSH program. As a result, we anticipate that several of the larger previously disqualified hospitals will be able to participate in the second year of this 2-year appropriation.

19. Public Assistance

Operating Budget (CCS HB 286)

It is the intent of the legislature to fully fund the Senior Benefits Payment Program upon reauthorization during the 2018 legislative session.

The Senior Benefits Payment Program was reauthorized under a single appropriation through HB236 (Chapter 8, SLA 2018). The legislature fully funded the program in FY2020 at \$125 monthly payments, and extended the program through FY2024. Additionally, intent language provided if benefits to seniors are prorated as a result of budget constraints, the amount appropriated will be used for the sole purpose of paying benefits.

Legislative Fiscal Analyst Comment: Current regulations for the Senior Benefits Payment Program include language that instructs the division to reduce benefit payments for the highest income/lowest benefit tier to remain within the appropriated budget. In FY18, the lowest benefit tier payment was reduced from \$125.00/month to \$76.00/month. The (December 15th) FY20 Governor's request includes an increase of \$4,057.9 UGF to restore \$125.00 monthly payments to approximately 4,873 beneficiaries.

20. Public Assistance/ Public Assistance Field Services
Operating Budget (CCS HB 286)

It is the intent of the legislature that the Division of Public Assistance pursue opportunities to work with Code for America to develop a single on-line application for public assistance programs, including Medicaid, Adult Public Assistance, and the Supplemental Nutrition and Assistance Program, and report back to the legislature on its progress by November 15, 2018 and again on November 15, 2019.

The Division of Public Assistance has continued working with Code for America. After they travelled to Alaska and met with DHSS staff, partner agencies, clients, and Fee agents, Code for America agreed to work on two projects for Alaska: Fee Agent Portal and Client Portal.

Fee Agent Portal – A Fee Agent is an individual that lives in a rural area (where there is not a DPA office) who is contracted to help clients apply for benefits. They help the client complete the application, ensure needed verification is included, explain the programs, and conduct the interview, and send all the information to the Division for processing. Currently, processing is paper-based, but Code for America is developing a portal that allows the fee agent to complete paperwork online, submit verification by taking a picture with their phone and uploading to send to the Division; and will allow clients to apply for Supplemental Nutrition Assistance Program (SNAP) and Medicaid through the same portal. The Fee Agent will travel to Alaska in October and will test in the Fairbanks area.

Client Portal – Code for America also agreed to help the Division improve their client portal to allow clients to check their case status (including when we expect to work their case), receive electronic notices, report changes, and upload verification online.

21. Senior and Disabilities Services/ Senior and Disabilities Services Administration
Operating Budget (CCS HB 286) and Mental Health (CCS HB 285)

It is the intent of the legislature that the Department of Health & Social Services re-examine service delivery models to ensure eligible senior and disabled populations receive appropriate services irrespective of where they live in Alaska. The Department of Health and Social Services shall submit a report to co-chairs of the Finance Committees and the Legislative Finance Division on the status of the service no later than February 15, 2019.

The Governor’s Council on Special Education and Developmental Disabilities, in partnership with the Division of Senior and Disabilities Services (SDS), applied for and received a federal Administration on Community Living grant, “Living Well on the Last Frontier”. The overarching goal of the grant is to increase the community integration, health, safety, independence, and well-being of individuals with developmental disabilities. The grant will be operationalized through four distinct measurable objectives. One of the outcomes expected is to achieve a new Direct Service Provider (DSP) type called “Community Engagement Facilitators” to provide help especially in rural areas.

In addition to the “Living Well on the Last Frontier” grant, the SDS applied for and received a federal Administration on Community Living “Dementia Caregiver Grant”. SDS, in partnership with the Anchorage Aging and Disability Resource Center (ADRC), the Alzheimer’s Resource

Agency, the Alaska Mental Health Trust (AMHT) and key stakeholders will pilot a broad effort to make Alaska's No Wrong Door System more dementia-capable. The goal of this project is to improve supports for caregivers so that individuals with dementia can remain in their homes longer and experience a better quality of life. One of the anticipated outcomes of the grant is that the Department will gain better information about individuals with dementia who are not eligible for Medicaid services and the burden their caregivers experience; this information can be used to improve eligibility criteria for these individuals and their caregivers to reduce burnout and extend care at home. The main goal for this grant is to support caregivers so that individuals with dementia defer entrance to nursing homes and instead remain in their homes and experience a better quality of life. An additional goal is the development of a sustainability plan that expands the project statewide and applies the lessons learned to individuals eligible for Medicaid Home and Community-Based services.

It is the intent of the legislature that the State of Alaska proceed expeditiously to establish companion services under Section 1915(c) of the Social Security Act to complement and support the services provided through the Medicare/Medicaid waiver programs. The Department of Health and Social Services shall submit a report to co-chairs of the Finance Committees and the Legislative Finance Division on the status of the service no later than January 31, 2019.

Senior and Disabilities Services (SDS) will provide a report to the legislature by January 31, 2019 on the status of adding companion care as a Medicaid Waiver service. As of November 1, SDS has met with a stakeholder group from Alaska Association of Developmental Disabilities Providers, consisting of Medicaid waiver services providers and advocacy organizations to discuss the development of companion care as a new waiver service. After receiving the stakeholder group feedback, the Division developed a draft concept paper for Adult Companion Services that contains the structure for the new service: a proposed service description, the settings in which companion care can be provided, the limitations of the service, the eligibility types that can receive the service, and the types of providers who can provide the service, along with a proposed framework for regulatory and waiver amendments as well as necessary system changes across DHSS Divisions. The draft concept paper has been shared with the stakeholder group and they are currently reviewing and will provide feedback to the State.

It is the intent of the legislature that funding for day habilitation be sufficient to provide up to 624 hours annually per recipient. The request for additional day habilitation over the annual "soft cap" of 624 hours may be approved to avoid institutional care or for the safety of Medicaid recipients.

The Division of Senior and Disabilities Services confirms that funding for day habilitation is sufficient in FY19 to provide up to 624 hours annually per recipient.

Per a legal settlement on changes to the service of day habilitation, SDS is working to 1) develop additional training and outreach to work with care coordinators to better assist their clients in articulating why they need day habilitation over 12 hours per week, and 2) develop more detailed standards (through the regulatory process) that define these terms: a) health and safety; and b) risk of institutionalization.

Until that work is complete, SDS may approve requests for more than 624 hours of day habilitation annually to avoid institutional care or for the health and safety of Medicaid recipients. SDS has offered informal guidance and suggestions to care coordinators to consider

when seeking additional day habilitation hours in a support plan or amendment. SDS is also developing a training for care coordinators that is specific to day habilitation, in addition to existing trainings that include guidance on day habilitation.

22. Departmental Support Services/ Commissioner's Office
Operating Budget (CCS HB 286) and Mental Health (CCS HB 285)

It is the intent of the legislature that the department work with Tribal Health Organizations for care coordination agreements with non-tribal providers in order to increase valid referrals for Indian Health Service eligible recipients to maximize the 100% FMAP. It is further the intent of the legislature that the department clearly outline requirements for 100% FMAP for services provided to an IHS beneficiary receiving Medicaid benefits thereby reducing general fund dependency by approximately \$30 million.

The department will continue working with Tribal Health Organizations to obtain signed care coordination agreements (CCA) with non-tribal providers, to coordinate and assist with validation of referrals, and exchange of records between the two entities. Currently there are approximately 1,475 CCA's in place and we continue to add more each quarter as additional providers come on board such as pharmacies, behavioral health providers and home and community based waiver providers are added. The Department has a clear outline to track these three essential components, which are required to claim 100% FMAP for services provided to American Indian/Alaskan Native (AI/AN) recipients receiving Medicaid eligible services through a non-tribal provider, thereby reducing general fund dependency by an additional approximate amount of \$20 million.

23. Medicaid Services
Operating Budget (CCS HB 286) and Mental Health (CCS HB 285)

It is the intent of the legislature that the department work with the Legislative Finance Division to prepare a template for reports to be delivered to the co-chairs of the finance committees and the Legislative Finance Division related to actual Medicaid expenditures and projections for the remainder of FY19 on October 15th, January 15th, March 15th, and June 15th. It is further the intent that the template provide FY20 expenditure projections.

The department is collaborating with Legislative Finance in developing and implementing a report to provide the quarterly updates requested. DHSS met with legislative finance in early October on the agreed report format and is in the process of implementation.

It is the intent of the legislature that the department significantly increase its efforts to reduce the state share of Medicaid service costs by managing Medicaid utilization to index with the national average per enrollee cost. In doing so, the department should take into consideration a multiplier to the national average to account for a reasonably higher cost of health care in Alaska.

The department will continue to prioritize Medicaid Reform and Redesign to contain the cost of health care.

DEPARTMENT OF PUBLIC SAFETY

24. Department of Public Safety/ Sexual Assault Kits Backlog Analysis and Storage Equipment Capital Budget (CCS SB 142)

It is the intent of the legislature that the Department of Public Safety process untested sexual assault kits and purchase high-density shelving for the crime lab to store the kits. The Department shall work to prioritize the processing of the untested kits based on local and state needs and geographical considerations.

The Department of Public Safety (DPS) was appropriated \$2.75 million for sexual assault kit backlog analysis and storage equipment in the FY2019 capital budget (§ 4 ch 19 SLA 18 page 19 lines 20-25).

Funds are being used to have the previously untested sexual assault kits (SAKs) analyzed by a private lab and to hire a forensic scientist to manage the project and provide the technical reviews required before DNA profiles can be entered in the Combined DNA Index System (CODIS) database. The state procurement process is complete and submission of SAKs to the private lab will begin in November 2018. It is estimated that it will take 3-4 years for all previously untested SAKs to be submitted and analyzed due to the limited number of private labs and the nationwide high demand for this service.

Prioritizing the timeline and order of the untested SAKs will be made with local and state needs in mind and in consideration of department size and access to resources. With those needs in mind, the full SAK inventory of smaller police agencies will be tested. The budget will be reevaluated at regular intervals to determine the quantity of SAKs to be submitted from the Anchorage Police Department (APD), which will be done in batches. This will ensure the largest number of departments to have their entire inventory tested as well as alleviate some burden on APD's resources. APD possesses about 62 percent of the state's unsubmitted SAKs and will therefore require more planning to absorb the increase in follow up investigative and prosecutorial workloads.

Additionally, the DPS Scientific Crime Detection Laboratory (SCDL) budgeted \$300,000 of the \$2.75 million to purchase the high-density shelving and supplies needed to increase the capacity for storing and maintaining all SAKs in the state. The state procurement process is complete and the SCDL is moving forward with the awarded contract.

25. Village Public Safety Officer Program

Operating Budget (CCS HB 286)

It is the intent of the legislature that the Department disburse funding meant for the VPSO Program to VPSO grant recipients. VPSO grantees are encouraged to use the funding for recruitment and retention of VPSOs, to include consideration of increases to the VPSO salary schedule. However, they may also use the funds for other purposes within their mission, such as operational costs to better utilize filled positions or housing multiple VPSOs in a single community, if judged to be more beneficial to public safety.

DPS VPSO Program staff have worked closely with VPSO grant recipients to develop a grant application and award process that ensures appropriate allocation of grant funds while allowing flexibility for grantees to use the funds for other purposes that will increase the recruitment and retention of Village Public Safety Officers.

VPSO grant recipients were awarded their full funding requests in FY2019 except for a few special projects that required additional information or justification for approval. Over 98 percent of the amount appropriated in the grants line was awarded to the ten grantees. The remaining two percent will be used for unanticipated amendments and to fund additional VPSO positions if all currently budgeted positions become filled.

It is the intent of the legislature that the amount of \$500,000 be used only for travel to rural communities by VPSOs or Alaska State Troopers. It is also the intent of the legislature that the Department support VPSO contractors' efforts to provide public safety services to the maximum geographic area surrounding their duty station.

This funding is being used to facilitate trooper travel to rural communities to increase presence and proactive law enforcement engagement with community members, and for trooper and VPSO travel to rural communities for special events and community activities as requested.

26. Statewide Support/ Laboratory Services
Operating Budget (CCS HB 286)

It is the intent of the legislature that the Department of Public Safety actively seek arrangements to rent space in the Alaska Scientific Crime Detection Laboratory to municipalities, federal agencies, and other state agencies.

All space within the Alaska Scientific Crime Detection Laboratory (SCDL) is being actively used as either office space, laboratory space, or storage space for sensitive items such as sexual assault kits. The SCDL will actively seek arrangements to rent space in its facility if vacant space becomes available.

DEPARTMENT OF REVENUE

27. Sec. 5. LEGISLATIVE INTENT.

(c) It is the intent of the legislature that the Department of Revenue use the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska), as authorized by the legislature and as necessary for general cash flow needs, to allow the Alaska Permanent Fund Corporation to maximize investment management results while making transfers from the earnings reserve account (AS 37.13.145) to the general fund for the fiscal year ending June 30, 2019.

(d) It is the intent of the legislature that the Department of Revenue and the Alaska Permanent Fund Corporation work together to schedule the timing of payments from the earnings reserve account (AS 37.13.145) to the general fund for the fiscal year ending June 30, 2019.

For items (c) and (d), please see the attached memos, APFC Letter Regarding Draw Schedule 2018 08 13, dated August 13, 2018, and Treasury Response to Draw Schedule 2018 09 17, dated September 17, 2018.

Legislative Fiscal Analyst Comment: The Permanent Fund Corporation and the Treasury Division worked cooperatively and agreed to a draw schedule in August, which was modified in September due to higher-than-expected revenue collections.

See Attachments B and C to view the referenced memos.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

28. Department of Transportation and Public Facilities

Capital Budget (CCS SB 142)

It is the intent of the legislature that given the March 2018 accident that closed the Glenn Highway, rerouting traffic for multiple days and negatively impacting commuters and local communities, the Department of Transportation and Public Facilities develop a temporary traffic control plan, as well as emergency traffic control guidelines for the Glenn Highway, specifically from milepost 0 to milepost 35 and make the plan and guidelines available to the legislature and the public by January 30, 2019.

The department will develop both Temporary Traffic Control plans and Emergency Traffic Control guidelines by January 30, 2019. Additionally, efforts are underway to develop Emergency Traffic Control guidelines to assist in future emergency response efforts needed within the Glenn Highway corridor.

29. Administration and Support/ Commissioner's Office

Operating Budget (CCS HB 286)

It is the intent of the legislature that the Department of Transportation and Public Facilities develop criteria to identify critical locations and the types of lighting needed to decrease traffic safety concerns. In addition, the Department should work with local power utilities collaboratively to mitigate the cost of installation and operation.

In December 2016, the department implemented updated highway lighting & electrical billing guidance to identify critical locations and types of lighting needed to decrease traffic safety concerns. Based on the updated guidance, a project was initiated to address lighting at four of the top 10 ranked locations of pedestrian deaths and injuries. Lighting will be doubled at these locations and light emitting diode (LED) lighting will be used. Construction is expected Summer 2019. Additional locations are being coordinated with local power utilities and municipalities collaboratively to mitigate the cost of installation and operation.

30. Administration and Support/ Program Development and Statewide Planning

Operating Budget (CCS HB 286)

It is the intent of the legislature that federal Transportation Alternatives Program funding that is otherwise eligible under federal law for transfer to other federal-aid apportioned programs not be transferred from the Transportation Alternatives Program unless the state is in jeopardy of losing the funding.

The full amount of Transportation Alternatives (TA) funding has been programmed into the 2018-21 Statewide Transportation Improvement Program (STIP). The department will not transfer TA funds unless the state is in jeopardy of losing the funding.

UNIVERSITY OF ALASKA

31. University of Alaska

Operating Budget (CCS HB 286)

It is the Intent of the Legislature that the University of Alaska continue to pursue the goals of the Strategic Pathways process to take the greatest advantage of each campus' strengths, minimize redundancies, eliminate underutilized and/or under resourced programs, expand student access to programs across the system, maximize utilization of facilities, streamline administrative processes, and create a stronger, more focused, and efficient system overall.

Strategic Pathways (SP) is UA's framework for improving our service to the state, premised on the fact that each of our universities has unique strengths in meeting the state's many needs and the reality that each campus cannot be everything to everyone. UA has reviewed all of its major academic programs and administrative services for how we can create a more sustainable university with more diverse revenue sources and lower costs—where we seek quality, access, and cost effectiveness while we grow in service to our state at this critical time in our history. UA has implemented decisions in all twenty-two SP areas. Major SP decisions aimed at creating a stronger, more focused, and efficient UA system include:

- Integrating the UAS School of Management into the UAS College of Arts and Sciences.
- Creating the Alaska College of Education, based at UAS, led by an Executive Dean and Statewide Education council; integrating the Colleges of Education at UAA and UAF into other colleges.
- Cooperation between UAA and UAF engineering has resulted in meeting most of the objectives outlined in SP. Examples include course sharing, program coordination, and research collaboration.
- Implementing a common calendar, common general education requirements, and coordinating on-line programs to better serve our students.
- Reorganization of UA Information Technology function based on recommendations from a comprehensive external consultant review.
- Gain efficiencies in UA research administration through process standardization, streamlining, and synergies across the UA system.
- Standardization of UA Procurement with reorganization under a single procurement officer's leadership.
- UA campuses are actively managing space to increase utilization and to reduce the cost of facilities ownership.
- High quality e-Learning programs are expanding to meet the needs of traditional and non-traditional students.

- Tuition discounting at our community campuses is making these programs more accessible to low income students.
- Strategic plans and budgets are evaluated and allocated based on the unique mission of each university, while simultaneously increasing consistency in “back room” administrative processes.

Additional information related to SP can be found here: <https://www.alaska.edu/pathways>

It is the Intent of the Legislature that the University of Alaska maximize, consistent with the terms of its collective bargaining agreements, the teaching and research capability of the University workforce and enable the University to serve the most students at current staffing levels.

Most University of Alaska faculty are represented by faculty unions, the largest of which is United Academics (UNAC). UNAC faculty workload is the subject of Article 13 in the 2017-2019 Collective Bargaining Agreement (CBA). According to the CBA, workloads are assigned by a dean or director to meet the needs of the university and best utilize the expertise of the faculty member. The workload assignment process starts in February and concludes in May, before the end of the academic year.

The university annually collects information on faculty workload assignments in the form of proportions of teaching, research, and service to the public, profession and university. In May 2018, the UA Vice President for Academics, Students and Research presented an analysis on workloads to the university President and Chancellors. The study found that in addition to significant improvements in terms of instructional and research workloads over the last couple of years, systematic differences remain in workload assignments among the three universities and within different programs at individual universities. Based on this analysis and within the current staffing levels, the President has requested the Provosts to work with the Deans and Directors to assign faculty time between teaching, research, and service to best serve the most students and cost effectively meet the needs and mission of the university and the state. This new directive will go into effect before the start of the workload assignment process in February 2019.

It is the Intent of the Legislature that the University of Alaska emphasize the importance of maintaining and extending its position as the leader in Arctic related research, and to contribute to Alaska's economic development, provide Alaska with a skilled workforce, and increase degree completions.

At their June 2018 planning retreat, the UA Board of Regents' (BOR) reaffirmed its support for the following five goal areas and associated outcome measures:

- Educational attainment: increased enrollment and degree completions;
- Workforce development: focused on educators and health care providers;
- Research: continue leading in Arctic research and increased total research expenditures;
- Economic development: increased number of invention disclosures and science, technology, engineering and math (STEM) graduates;
- Operating more cost effectively: reduce the total cost of education and the cost per student full-time equivalent enrollment.

These goals and measures represent the fundamental direction UA must head. Continued support from the BOR in these areas as demonstrated by the FY2020 budget request ensures attention

remains focused on UA's success in these critical areas.

Additional information can be found here:

UA's Goals and Measures: <https://www.alaska.edu/pres/goals-metrics/>

UA's Proposed FY2020 Operating Budget Request:

[https://www.boarddocs.com/ak/alaska/Board.nsf/files/B5WP4V57663A/\\$file/FY20%20Proposed%20Operating%20Budget%20Request%20-%20Revised%2010.26.18.pdf](https://www.boarddocs.com/ak/alaska/Board.nsf/files/B5WP4V57663A/$file/FY20%20Proposed%20Operating%20Budget%20Request%20-%20Revised%2010.26.18.pdf)




THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

ATTACHMENT A

Office of the Governor
OFFICE OF MANAGEMENT AND BUDGET
Pat Pitney, Director

Court Plaza Building
240 Main Street, Suite 802
Juneau, Alaska 99811-0020
Main: 907.465.4660
Fax: 907.465.2090

To: Bill Walker, Governor
Cc: Scott Kendall, Chief of Staff
From: Pat Pitney, Director 
Date: July 26, 2018
Subject: FY2019 Capital Budget Appropriation for Deferred Maintenance Projects

This memo is to provide information on the FY2019 deferred maintenance appropriation distribution. If you have any questions or require additional information, please let me know. Absent any questions or concerns, the funds will be distributed to departments on August 7, 2018.

The Legislature included a \$20 million statewide appropriation in the FY2019 capital budget to fund the highest-priority deferred maintenance projects. This appropriation was in addition to direct appropriations to specific agencies such as the Department of Administration and the University of Alaska. Over the course of the summer, the Office of Management and Budget (OMB) has worked with each agency and assessed the overall needs of the state, and determined a distribution plan for the \$20 million appropriation.

OMB will allocate \$3 million of the statewide deferred maintenance appropriation to the university. This is in addition to the \$2 million that the legislature directly appropriated to the university. Given the proportion of state deferred maintenance backlog at the university and the constrained capital deferred maintenance funding, \$5 million is a reasonable amount. OMB understands that this was part of a last-minute budget closeout compromise; however, because it is administratively more efficient and legislatively cleaner, OMB has recommended to the legislature that next year it maintain its past practice of separate appropriations to the university.

OMB prioritized projects based on the following criteria:

- life, health, and safety needs of employees, residents, students, and Alaskans in custody;
- assets at risk for damage or imminent failure which may disrupt program delivery;
- ability to execute projects or make substantial progress in the current fiscal year; and
- maintenance of existing capital assets rather than expanding or improving capacity

Additionally, each agency's prior deferred maintenance appropriations have been evaluated to ensure that all available funding sources are leveraged to the greatest extent possible. The FY2018 deferred maintenance appropriation was \$20 million and OMB allocated \$19.6 million of the \$20 million to eight separate agencies. An unused balance of \$504.5 remains (2% of the total) that was for project contingencies and emergent projects that may have arisen throughout the winter, as well as some lapsed project funds.

FY2019 Capital Budget Appropriation for Deferred Maintenance Projects

July 26, 2018

Page 2

Given it was the first time this appropriation process was used, the FY2018 deferred maintenance projects did not begin until the winter of 2018. Many projects are still active during this summer building season with about a half dozen projected to go into the end of calendar year 2019. We are accelerating the process in anticipation of starting some FY2019 projects in this summer season. Next fiscal year we will be working to begin FY2020 work in late May.

The FY2018 deferred maintenance appropriation of \$504.5 is also available for FY2019 projects. OMB recommends that the total available \$20.5 million be allocated to 12 separate agencies and the Alaska Court System.

If a project comes in under-budget, the remaining funds will be repurposed for the next priority project. The table below outlines the distribution by agency. A listing is also attached for project-specific details.

Agency	Amount
Administration	\$ 1,750.0
Corrections	\$ 4,080.0
Court System	\$ 193.0
Environmental Conservation	\$ 420.0
Education	\$ 691.0
Fish and Game	\$ 500.0
Health and Social Services	\$ 1,567.0
Labor and Workforce Development	\$ 1,350.0
Natural Resources	\$ 650.0
Military and Veteran's Affairs	\$ 625.0
Public Safety	\$ 900.0
DOTPF	\$ 4,778.5
University	\$ 3,000.0
Total	\$ 20,504.5

Figures in Thousands

Enclosure

1. FY2019 Deferred Maintenance Distribution Detail

FY19 DM Distribution Detail

Dept	Location	Project Title	Project Description	Project Cost
DOA	Juneau	Juneau State Office Building - repair Calhoun steps entry	Repair/replace concrete steps, deck, and drains. These stairs are in severe disrepair, are an immediate hazard to the employees/visitors of this building, and are not code compliant. Currently, hazardous areas on the stairs are being coned off, making these stairs a liability. Additionally, rebar protruding through the concrete deck presents a tripping hazard. This project estimate was developed by our Facilities group and A/E contractor based on previous projects of this type.	\$450.0
DOA	Juneau	Alaska Office Building - restroom plumbing repair	Repair/replace deteriorated restroom plumbing waste, water lines and isolation valves. These fixtures are original to the building (approximately 40 years old) and are severely corroded. Two restrooms have already been damaged due to leaking pipes, and the waste lines for the janitor's closets have failed. We have had raw sewage enter the building due to these failing pipes. If these restroom waste lines completely fail, this will prompt a building-wide shut down. This project estimate was developed by our Facilities group based on previous projects of this type, taking into account the occupants of the building, possible asbestos abatement and demolition.	\$1,300.0
DOC	Roof Repairs: Wildwood, Hiland Mountain, Lemon Creek Correctional Centers Point McKenzie Correctional Farm	Roof repairs at 4 locations: Wildwood Building 10, Hiland Mountain Buildings 3 & 4, Lemon Creek Maximum Security, and Pt. McKenzie Big Barn Building Security Section	HMCC Bldg 3 & 4: the original roof shingles on Houses 3 & 4 are deteriorated beyond repair. A recent windstorm damaged the roof and exposed large sections of roofing felt. LCCC Maximum: new roofing membrane is needed over the Max area at LCCC. Multiple ongoing leaks have been detected. New roofing will stop further water infiltration, reducing potential for mold growth. WWC Building 10: roof is failing due to age (25+ years old). Efforts to patch the roof are no longer effective. Water infiltration is causing further damage to the facility. PMCF: patching it for years, needs replacement.	\$2,800.0
DOC	Fairbanks and Lemon Creek Correctional Centers	Perimeter security detection system replacement FCC & LCC	Perimeter Security Detection System Replacement FCC & LCC systems have failed and no replacement parts are available for repairs. This has become a public safety issue.	\$980.0
DOC	Ketchikan Correctional Center	Copper water pipe replacement	Copper piping throughout KCC is in poor condition. The copper piping replaced to date has shown signs of extensive internal pitting and corrosion. Leaks spring up sporadically throughout the domestic water piping system. New copper piping is needed to ensure no further leakage occurs in an effort to preserve the facility's structure.	\$300.0
Courts	Kenai Courthouse	Upgrade pneumatic controls to DDC	Replace outdated, inefficient Pneumatic controls & equipment (MBC, MEC, etc.) with DDC System	\$193.0
DEC	Environmental Health Laboratory	Re-route roof drainage and construct french drain	One of the roof downspouts deposits water in a corner of the building onto a cement pad that runs under the exterior wall. This water infiltration is a source of potential contamination and damage to floor and walls, with a potential to produce mold. Additionally, the soil around the concrete becomes saturated each Fall and, when it freezes, causes heaving of the concrete. This heaving causes an emergency exit door to bind in the frame and be inoperable for months at a time. Although the improper drainage issue has existed since construction, the frost heaving has been getting progressively worse with each freeze/thaw cycle and the resulting inoperability of the emergency door is a newer development. The Department is proposing to install an extended drain pipe that will deposit roof water runoff into a properly graded french drain.	\$35.0

FY19 DM Distribution Detail

Dept	Location	Project Title	Project Description	Project Cost
DEC	Environmental Health Laboratory	Replacement of vibration dampers for air handlers	The vibration dampeners on the laboratory's air handlers have worn down and no longer work correctly. The vibrations crack foundational concrete slabs the air handlers sit on, leaving them less secure and damaging the infrastructure. If they go to failure, the lab would be inoperable until repaired. The Department is proposing to replace all vibration dampeners on both air handlers as part of a single project. The project must be contracted out because DEC lacks the necessary equipment and expertise to perform this work, which involves shutting down the air handlers, hoisting them up using heavy equipment, disassembling and replacement of parts, reinstalling the air handlers, and performing system checks. This work would need to be performed during non-operational hours.	\$50.0
DEC	Environmental Health Laboratory	Mold remediation and mitigation	There is a build up of mold on a sheet-rocked wall next to the built-in refrigerator/freezer. It appears to be caused by inadequate sealing between the laboratory corridor and interstitial space around the unit. Although the mold was tested and determined to not be a toxic variety, the continued presence deteriorates the sheetrock and potential for those with sensitivities to be reactive. The Department is proposing a remediation project to remove the existing mold, determine the root cause, and make the necessary repairs to prevent the reoccurrence and spread to other building components. This will require removing the built-in refrigerator/freezer and a temporary replacement will need to be brought in.	\$35.0
DEC	Environmental Health Laboratory	Boiler replacement	The laboratory's heating system consists of two cast iron sectional hydronic boilers that were installed during construction in 2005. At the time of installation, these boilers were considered outdated, but were selected to due the lowest cost procurement process. The manufacturer has been in the process of phasing out replacement part production. The laboratory has been proactively taking steps to prolong the life of these boilers. For example, burners for these units have not been produced since 2009, so the laboratory proactively had the existing burners rebuilt during 2015 summer months. It is assumed that replacing both units at the same time would be cost effective due to required retrofitting and installation. The units are reaching the end of their expected life and the Department is proposing to replace both units before they fail.	\$300.0
DEED	Mt. Edgecumbe High School Deferred Maintenance	Walk-in freezers and coolers replacement	Fix leaky roof. Then replace two large freezers, two large coolers, and their associated refrigeration units that are located below a non-code compliant and leaking roofing structure, and serve as food storage for the school cafeteria.	\$691.0
DFG	Statewide Deferred Maintenance and Upgrades	Facility repairs and upgrades to statewide Fish and Game facilities.	The Department of Fish and Game (ADF&G) has employees in over 40 locations around the state and operates facilities in many of these locations. These facilities include offices, bunkhouses, warehouses, workshops, cabins, laboratories, airplane hangars, and other structures that are vital to the mission of the department. Other maintenance and upgrades to facilities is a critical issue for the department with many of the requested projects involving life, health and safety issues. We focus on upgrades to lower operational costs, such as efficiencies and upgrades to architectural, lighting & heating systems, as well as projects to stop facility decline and extend the long term life expectancy of facilities. We currently have an estimated maintenance/upgrade backlog of approximately \$2 million dollars across the state.	\$500.0

FY19 DM Distribution Detail

Dept	Location	Project Title	Project Description	Project Cost
DMVA	South East - Sitka	Sitka Armory - roof and envelope Replacement	Sitka Armory roof and envelope need to be replaced.	\$325.0
HSS	Ketchikan Pioneer Home	Seismic and building code upgrades	Repair critical structural deficiencies to prevent building damage during earthquake.	\$1,367.0
HSS	Nome Youth Facility	Bullet resistant door & doors re-keying	Install a bullet resistant door between the public waiting area and the classroom. Re-key approximately 50 facility doors.	\$200.0
HSS	McLaughlin Youth Center - Administration Office	Main entry door replacement	The inner and outer entry door system is in need of replacement as well as the doors in the cottage lobby entrance.	
HSS	Fairbanks Youth Facility	Server room & security systems emergency circuits	The communications and security equipment need dedicated conduits installed to connect these important systems to the emergency generator.	
HSS	McLaughlin Youth Center - Cottage #1	Entry door and locks replacement cottages 1-5	Replace the entry doors and locks at all 5 cottages.	
DOLWD	AVTEC Campus-wide	Campus-wide fire alarm system replacement phase 1	Fire alarm system upgrades to current standards are needed. This project will include a campus-wide fire alarm system replacement engineering study, and replacement of the fire alarm systems in priority order to include student housing, the student services center, and the industrial electrical building. There will likely be an additional phase to upgrade all facility fire alarm systems.	\$250.0
DOLWD	AVTEC Applied Technology Campus	Industrial electrical building repairs and renovations	Renovate the roof which is leaking. An addition to the building created a roof valley, which has created leaks.	\$750.0
DOLWD	AVTEC Campus-wide	Campus-wide underground fuel tank replacements	Replace four underground fuel tanks that are over 40 years old. It is critical to replace these tanks before any further failures occur.	\$350.0
DNR	Administration and Support, Facilities	Northern Region Office Building maintenance	The DNR-owned office building in Fairbanks houses five divisions including the public facing Information Center and the State Recorder's Office. This project includes fixing the parking lot drainage and curbs, replacing the front doors with double security doors to address ongoing security concerns, and signage improvements.	\$200.0
DNR	Statewide Forestry Facilities Deferred Maintenance	Delta Area Office asbestos removal and log refinishing	The Delta Area Office has six buildings constructed of logs. Two of these buildings have asbestos laden caulking that must be removed. The project would remove the asbestos chinking, refinish the logs to avoid rot, and paint trim on each building.	\$250.0
DNR	Statewide Forestry Facilities Deferred Maintenance	Wildland Fire Buildings deferred maintenance	Repair Wildland Fire Operations & Cache Facility in Palmer to include code deficiencies and failing building systems to ensure Pioneer Peak & Gannett Glacier have required facilities and protection for \$3.8M in engines.	\$200.0
DMVA	Statewide	Arc-Flash protection statewide	Required for safety compliance with NFPA 70E, electrical survey, electrical panel upgrades, warning placards, and standoff distances.	\$300.0

FY19 DM Distribution Detail

Dept	Location	Project Title	Project Description	Project Cost
DPS	Alaska Bureau of Investigation	Roof Replacement	The roof of the building currently housing the Alaska Bureau of Investigation (ABI) is original and was installed during the construction of the building over 40 years ago. This roof has served its useful life and the thermal efficiency and weather tightness of the roof has begun deteriorating. This facility has been identified as the location for the department's newly approved 911 Dispatch Center, making it an essential facility to conduct DPS operations. DPS received a \$100.0 capital appropriation in FY2015 to address necessary building roof repairs. An engineering assessment was completed and repairs were made in accordance with the recommendations. Primary repairs included addressing the mechanical and electrical penetrations, drain scoffers, wall flashing and seams, and de-vegetation of organic growth. In its current state, the roof insulation is damp and fertile for organic re-growth. The mechanical and electrical equipment that was decommissioned must be removed and penetrations must be filled. Considering the age and deterioration of the roof and its associated appurtenances, a replacement of the entire roof is recommended. This is the department's top deferred maintenance priority given the criticality of the emergency dispatch service functions that will be housed there.	\$900.0
DOT	Statewide	Airport Runway Repair and Highway Maintenance	Three runways are in imminent danger of inoperability and they cannot wait for federal omnibus Act aviation funding that will take years. These runways are used for USPS hubs. Additionally, there is a need to repair failing/failed drainage structures across the state.	\$4,778.5
University	Statewide	Systemwide Deferred Maintenance	Systemwide deferred maintenance needs.	\$3,000.0
			Running Total	\$20,504.5

August 13, 2018

Mike Barnhill, Deputy Commissioner
State of Alaska, Department of Revenue
VIA E-MAIL ONLY

ATTACHMENT B

Dear Mr. Barnhill,

Following up on the discussions between the Alaska Permanent Fund Corporation (APFC) and the Department of Revenue (DOR) regarding the optimal plan for transferring the FY19 appropriation from the Earnings Reserve Account (ERA) to the General Fund (GF), as described in section 9(c) of HB 286 (section 9(c)), below is the proposed schedule and plan for effectuating this appropriation.

1. On 9/10/18, APFC will transfer from the ERA to the GF an amount estimated to be \$1,023,487,200, unless APFC receives 30 days prior notice from DOR to reduce or eliminate this transfer;
2. On 9/28/18, APFC will transfer from the ERA to the GF \$500 million, unless APFC receives 30 days prior notice from DOR to reduce or eliminate this transfer;
3. On 12/28/18, APFC will transfer from the ERA to the GF \$500 million, unless APFC receives 30 days prior notice from DOR to reduce or eliminate this transfer;
4. On 3/29/19, APFC will transfer from the ERA to the GF \$500 million, unless APFC receives 30 days prior notice from DOR to reduce or eliminate this transfer; and
5. On 6/28/19, APFC will transfer from the ERA to the GF, the balance of the section 9(c) appropriation not previously transferred (estimated to be \$200 million).

APFC requests thirty days advance notice of any reduction or elimination of previously scheduled transfers as it will allow the APFC to properly time the underlying investments that apply to these funds prior to transfer. Should unforeseen circumstances arise requiring a more rapid transfer of funds, APFC will make every effort to accommodate the requested transfer.

We believe this plan will allow APFC to prudently build up the liquidity needed to effectuate the Section 9(c) transfers, while also building in the ability to adjust these transfers downward to accommodate the actual cash needs of the GF. This downward adjustment mechanism will allow APFC to efficiently move this cash back into the assets in which the Permanent Fund was invested, thereby maximizing investment returns as contemplated by the Alaska Legislature in Section 5(c) of HB 286.

Sincerely,



Angela Rodell
Chief Executive Officer

Cc: Valerie Mertz, CFO, APFC
Valeria Martinez, Director, Risk & Asset Allocation, APFC
Pam Leary, Director, Treasury Division, DOR
Bronze Ickes, Cash Manager, DOR



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

TREASURY DIVISION

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Juneau, Alaska 99811-0405
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September 17, 2018

ATTACHMENT C


Valerie Mertz
Chief Financial Officer
Alaska Permanent Fund Corporation
VIA EMAIL ONLY

Subject: 9/28/18 ERA Transfer Request

Dear Ms. Mertz:

In follow up to the letter from Chief Executive Officer Rodell to Deputy Commissioner Barnhill dated August 13, 2018, this letter will serve as notice to reduce the 9/28/18 scheduled transfer from the Earnings Reserve Account (ERA) to the General Fund (GF) from \$500 million to \$350 million. Additionally, at this time, we expect to reduce the 12/28/18 transfer from \$500 million to \$250 million. Please adjust your schedule accordingly. Should unforeseen circumstances arise requiring a more rapid transfer or change in amount of funds transferred, we will inform you as soon as possible.

Regards,


Pamela Leary
Director, Treasury Division

Cc: Angela Rodell, CEO, APFC
Valeria Martinez, Director, Risk & Asset Allocation, APFC
Sheldon Fisher, Commissioner, DOR
Mike Barnhill, Deputy Commissioner, DOR
Bob Mitchell, CIO, DOR
Bronze Ickes, Cash Manager, Treasury