



30th Alaska State Legislature
Senate Finance Budget Subcommittee
Department of Administration
FY18 Operating Budget

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**DEPARTMENT OF ADMINISTRATION
FY2018 SENATE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT
March 14, 2017**

PREFACE & RECOMMENDATIONS:

The following recommendations are driven by the unprecedented downturn of revenues resulting from the precipitous drop in oil prices. This Subcommittee recognizes and acknowledges that some very worthwhile programs may go unfunded or underfunded, but its choices are very limited given the financial circumstances the State of Alaska finds itself in.

The Senate Finance Budget Subcommittee for the Department of Administration submits a recommended operating budget for FY2018 to the Senate Finance Committee as follows:

Unrestricted General Funds (UGF)	\$ 65,851.1
Designated General Funds (DGF)	\$ 30,362.3
Other Funds	\$ 232,774.2
Federal Funds	\$ 3,922.9
TOTAL	\$ 332,910.5

Positions:

Permanent Full-Time	1,142
Permanent Part-Time	14
Temporary	26
Total	1,182

The Unrestricted General Fund difference from FY17 Management Plan to the Senate Subcommittee budget recommendation is a reduction of \$6,103.6, an 8.5% reduction.

The Unrestricted General Fund difference from the FY18 Governor's Amended budget to the Senate Subcommittee recommendation is a reduction of \$3,011.4, a 4.4% reduction.

BUDGET ACTION:

The Senate Finance Budget Subcommittee for the Department of Administration held three meetings with the Department on February 22nd, February 27th, and March 1st. The Subcommittee reviewed and accepted the FY18 Governor's amended budget request with the following recommended changes.

- Deny the Governor's increment to restore \$633.3 UGF in support of statewide public television broadcasting.
- Eliminate \$2,036.6 UGF state assistance for statewide radio public broadcasting.
- Eliminate \$46.7 UGF state funding for the Public Broadcasting Commission.
- Eliminate a \$160.0 UGF grant housed within the Satellite Infrastructure allocation which is used to fund a public broadcasting call center.
- Eliminate Centralized Human Resources Allocation funding of \$112.2 UGF. The human resources rate subsidy for DOA divisions resides in this allocation. This will be absorbed across the Department.
- Reduce Labor Agreements Miscellaneous Items allocation funding for Training & Educational Conferences by \$22.6 UGF.
- Reduce \$442.6 Inter-Agency Receipt authority in the E-Travel allocation due to changes in travel statewide.
- Delete \$200.0 in unrealizable Federal Receipts in the Office of Public Advocacy.
- Delete \$100.0 in unrealizable GF/Program Receipt Authority in the Alaska Public Offices Commission. The House Subcommittee noted that the Commission's GF/PR authority has increased from \$120.0 to \$245.3 since FY15, and that the additional receipts are uncollectable without a change to statutory authority to either increase current fees or establish new fees.
- Delete \$100.0 in unrealizable Inter-Agency Receipt authority in the Division of Motor Vehicles.

The Subcommittee accepts the Governor's revised structure for the following items:

- Move ALMR from ETS to Office of Information Technology
- Move SATS from ETS to Office of Information Technology

The Subcommittee recommends the following intent language be adopted:

"It is the intent of the legislature that the Division of Motor Vehicles outsource administrative and licensing services to private sector business partners to the extent practicable."

The Subcommittee made the following statutory recommendation:

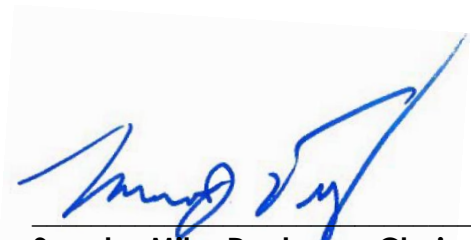
State of Alaska employees regularly travel by commercial air carrier for state business using public funds. Currently, employees who undertake state-paid air travel personally benefit by collecting air miles, which accrue to their personal accounts, and do not flow to the state. These air miles hold monetary value and can be used as a means of purchasing goods and additional travel. They are a valuable benefit received by state employees, directly resulting from a public expense, and are normally not considered to be a part of an employee's official compensation. These air miles, if they were to be collected by or turned over to the state, could be used to offset state funds in the budget. This issue was raised during the Subcommittee but was not resolved, and appears ripe for further examination by the legislature. The Subcommittee recommends that the Senate State Affairs Committee, which under Uniform Rule 20 holds jurisdiction over the Department of Administration, work with the Department to craft legislation which will ensure the state collects these valuable air miles for use in reducing state travel costs in the future.

ATTACHED REPORTS

The Senate Finance Budget Subcommittee for the Department of Administration adopts the attached reports:

Legislative Finance Division Reports – Senate Structure (Numbers Only)

1. Multi-Year Allocation Summary – Senate Structure
2. Transaction Detail – Senate Structure: Senate Subcommittee Amendments Column



Senator Mike Dunleavy, Chair
Senate Finance Budget Subcommittee
for the Department of Administration
March 14, 2017