



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Office of the Governor**

OFFICE OF MANAGEMENT AND BUDGET  
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February 14, 2020

The Honorable Neal Foster  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol Room 505  
Juneau AK, 99801-1182

The Honorable Jennifer Johnston  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol Room 511  
Juneau, AK 99801-1182

Dear Co-Chairs Foster and Johnston,

Below, please see the responses to questions asked during the Office of Management and Budget's presentation to the House Finance Committee on February 5, 2020.

1. *Representative Foster: How much was funded in FY2019 to pay for oil and gas tax credits?*

For FY2019, \$100.0 million was appropriated in oil and gas tax credits. There was also an appropriation (Two Year, Operating - FY19-FY20) for \$27.0 million that is currently unspent pending the outcome of the credit bonding issue litigation.

2. *Representative Ortiz: What factors are used by the Department to determine whether to extend Wellpath's contract?*

The Governing Body of the Alaska Psychiatric Institute (API) will make a decision based on information provided by API clinicians and administrators.

3. *Representative LeBon: What amount of the supplemental request for Alaska State Troopers personal services is attributed to overtime costs?*

Considering the increase from FY2018 to FY2019 and year-to-date expenditures in FY2020, the Department of Public Safety anticipates that the majority of the request (approximately \$2.3-2.5 million) will be spent on overtime/premium pay costs.

4. *Representative LeBon: Are any of the supplemental funds for FY2020 attributable to the FY2019 shortfall?*

The Department of Public Safety's shortfall in FY2019 formed the basis for the FY2020 supplemental request. The Department expects personal services costs to continue to rise significantly in FY2020. In addition, the Department expects non-personal services costs (such as law enforcement equipment) associated with hiring new troopers to increase as well.

5. *Representative Wool: How much did the Department of Public Safety spend in FY2019 and, so far in FY2020, on recruitment efforts?*

Amounts obtained from the Recruitment Expenditures Report:

FY2019: \$1,308,208.38

FY2020 YTD: \$769,743.79

Please find the attached breakdown on the recruitment expenses titled: *Recruitment Expenses*.

6. *Representative Ortiz: What is the balance of the Alaska Marine Highway System (AMHS) Fund? Please provide a historical graph of the balance of the fund.*

Please see the attachment titled: *AMHS Fund Balance*.

7. *Representative Sullivan-Leonard: Please provide additional information on the Alcan 200 snowmachine race.*

The City of Haines, the event organizers, and the general public had implored the AMHS to add extra sailings to allow the public to travel to this annual event.

The annual snowmachine race was scheduled for Saturday, January 18. On January 14, the city determined the Alcan 200 would be rescheduled due to extreme weather.

Many passengers cancelled their reservations. However, because the crew had already bid on these sailings, AMHS was required by the collective bargaining agreement to pay the crew regardless of whether or not the ship made the sailings.

Furthermore, there were passengers who did not cancel reservations and still planned to travel to Haines on these dates. The AMHS made the decision to operate the sailings to recover some revenue and provide the service to the public.

<https://khns.org/alcan-200-rescheduled-for-february-8-due-to-severe-weather>

<https://www.chilkatvalleynews.com/story/2020/01/16/news/alcan-200-delayed-due-to-bad-weather/13474.html>

8. *Representative Josephson: Where did the \$1.1 million fund balance in the Alaska Housing Capital Corporation fund come from?*

The fund consists of unrestricted general fund deposits and the balance comes from investment earnings on those deposits taken against appropriations from that fund.

Co-Chairs Foster and Johnston  
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Please do not hesitate to contact my office with any additional questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Steininger', with a stylized, flowing script.

Neil Steininger  
Director

Enclosures

1. Recruitment Expenses
2. AMHS Fund Balance

cc: Suzanne Cunningham, Director, Governor's Legislative Office  
Pat Pitney, Director, Legislative Finance Division