



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

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET  
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February 11, 2021

The Honorable Senator Stedman  
Co-Chair, Senate Finance Committee  
Alaska State Capitol Room 518  
Juneau, AK 99801

The Honorable Senator Bishop  
Co-Chair, Senate Finance Committee  
Alaska State Capitol Room 516  
Juneau, AK 99801

Dear Co-Chairs Stedman and Bishop,

Thank you for inviting the Office of Management and Budget to present on the Governor's fiscal year 2022 operating budget to the Senate Finance Committee on Monday, February 1<sup>st</sup>. Responses to questions and requests for follow-up information from the committee hearing are included below:

**Senator Hoffman asked which DMV offices have been proposed to be closed in FY2022.** The six offices are located in Eagle River, Tok, Delta Junction, Homer, Haines and Valdez. The Department of Administration is working to transition these locations to public-private partnerships.

**Senator Wilson asked about how the state financed the reopening of Palmer Correctional Center (PCC).** The fiscal note associated with HB49, the omnibus crime legislation passed in 2019, included \$16,669.1 for re-opening PCC in FY2020, of which \$16,000.0 was carried-forward into FY2021 due to the extended timeline for project completion. Power cost equalization funds were used by the legislature to fund the original fiscal note and the FY2021 carry-forward. No other funding has been allocated, including federal man-day receipts, to meet PCC reopening costs.

**Senator Hoffman asked about projected student counts and a five-year historical analysis of system population. Senator Wilson asked for clarification on whether official student counts were based on a point-in-time count or adjusted throughout the year.**

The determination of average daily membership (ADM) is a point-in-time count that occurs annually in October with a 20 school-day count ending the fourth Friday of October (AS 14.17.600). For the 2020-2021 school year, the student count was September 28, 2020 through October 23, 2020.

The ADM calculation is equal to the number of full-time equivalent students multiplied by days enrolled during the count period divided by the days available in the count period, or:

$$ADM = FTE \times Days\ Enrolled / Days\ in\ Count\ Period$$

As an additional reference, page 13 of the Student Data Report Manual ([linked here](#)) contains a definition for ADM as it applies to the foundation formula. Section VI on page 26 goes into greater detail.

From FY2020 to FY2021, ADM decreased by 1,780.51, or 1.4 percent. The following documents are attached for your reference:

- Attachment 1: DEED 5-Year ADM Change – shows total ADM and percent change
- Attachment 2: DEED 5-Year ADM Change Detail – shows ADM detail and percent change

For additional reference, the following link on the Department of Education and Early Development's website shows ADM from FY1988 through FY2020:

<https://education.alaska.gov/schoolfinance/foundationfunding>

**Senator Hoffman asked for more information on commercial fisheries receipts and whether the fund swap from unrestricted general funds to general fund program receipts will negatively impact the Alaska Department of Fish and Game's ability to manage commercial fisheries.** The general fund program receipts are revenue collected from commercial crew licenses. The department is projecting sufficient crew license revenue to cover this fund change. In FY2020 \$6.0 million in crew license revenue was available from collections and carryforward of prior year revenue and \$2.6 million was budgeted for expenditure. The fund source change will increase the division's GFPR expenditure authority to \$3.3 million. This change will not impact the division's ability to manage commercial fisheries. Additional detail on department general fund program receipt revenue collection is being provided to each subcommittee.

**Senator Wilson asked for a status update on the enhanced federal Medicaid match and how the COVID-19 pandemic has impacted the Department of Health and Social Services' ability to apply for new waivers.** The enhanced federal Medicaid match, or FMAP, lasts the length of the federal public health emergency, which is expected to continue through at least the end of calendar year 2021. To receive the enhanced FMAP of an additional 6.2 percent match, the state must:

1. Maintain eligibility standards, methodologies, or procedures that are no more restricted than those in place on January 1, 2020.
2. Not change premiums in excess of those in place as of January 1, 2020.
3. Not terminate the coverage for an individual who was eligible as of March 18, 2020, unless the beneficiary voluntarily terminates or moves out of state.
4. Cover (with no cost-sharing) testing, services and treatments of COVID-19, including vaccines, specialized equipment and therapies.

The Division of Senior and Disabilities Services is currently working with CMS to ensure that waiver flexibilities implemented during the pandemic to ensure individuals can safely receive services continue. It is anticipated that these flexibilities, such as allowing telehealth for care coordination services, will be allowed for up to six months after the end of the federal public health emergency declaration.

**Senator Wilson asked about how the Department of Natural Resources tracks federal reimbursement for fire response.** The Office of Management and Budget is working with the department to provide a response to share with the committee as soon as possible.

**Senators Hoffman and Olson asked about the Department of Transportation and Public Facilities' maintenance of non-state owned roads.** A list of non-state owned roads currently maintained by the department under service agreements is attached (Attachment 3). The department is proposing to cease maintenance activities on the following non-state owned roads in the Central Region:

Bear Creek Drive, Nikolaevsk Road, Rainbow Road, Owen Road, Rebecca Drive,  
Kleeb Road, Vada Way, Depot Road, Whisky Gulch Road, Beach Access Road,  
Kosta Road, Salamatof Road

Senator Olson specifically asked about the St. Mary's/Mountain Village road, and the Department confirmed that they are responsible for maintenance and therefore no service agreement is required or in place. This roadway is maintained seasonally similar to many other roads in the Northern Region and the department plans to continue providing seasonal maintenance.

**Senator Hoffman asked about proposed reductions to the Alaska Marine Highway System budget.** The proposed reduction of \$8.3 million equates to 7.5 percent of the system's budget.

Don't hesitate to reach out to my office if you have further questions.

Sincerely,



Neil Steininger  
Director

cc: Miles Baker, Legislative Director, Office of Governor Mike Dunleavy  
Alexei Painter, Director, Legislative Finance Division