



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
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February 3, 2026

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

The Honorable Donny Olson
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 508
Juneau, AK 99801

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

Dear Co-Chairs Hoffman, Olson, and Stedman,

Thank you for inviting the Office of Management and Budget (OMB) to present an overview of the Governor's FY2027 Budget to the Senate Finance Committee on January 26, 2026. This letter completes the responses to questions and requests for follow-up information from this hearing. All of the dollar figures presented in this document are in thousands unless otherwise noted.

1. For the Quality-of-Life Initiative addressed in the state-of-the-state speech, is this a resource redeployment or are new costs expected to be incurred?

The Department of Law does not anticipate any new staffing or operating expenses associated with the Quality-of-Life Initiative. It is a redeployment of existing resources built on a partnership with the Municipality of Anchorage, under which prosecutors will be cross-designated: Department of Law prosecutors will assist the Municipality of Anchorage with certain municipal public-safety and quality-of-life cases, and municipal prosecutors will assist the Department of Law with state criminal cases the State is already prosecuting. Each entity continues to fund its own personnel, so no new positions are created, and the arrangement improves efficiency and focus without incurring additional costs.

2. In regard to Timber Receipts for forest inventory initiative - are there any open items in the Tongass that needs to be identified (i.e. roads that should be classified as roads)?

The proposed forest inventory capital improvement project (CIP) would be funded through revenue from State timber sales. These funds are deposited into the Timber Sale Receipt (TSR) account and support the State's timber program. The CIP is intended to advance forest inventory work on state lands, particularly in the Susitna and Tanana Valleys. State funds are generally not used for forestry work on federal lands; however, the State is pursuing additional work on the Tongass and Chugach National Forests, as described below.

The State maintains several cooperative agreements with the U.S. Forest Service, including a Challenge Cost Share Agreement (CCSA), a Good Neighbor Authority (GNA) Master Agreement, and a Shared Stewardship Agreement (SSA) currently in development. These agreements allow State foresters to conduct forest inventory and management activities on national forest lands in Alaska using federal funds or revenue from timber sales on National Forest land.

Through the Southeast Alaska Sustainability Strategy, the Division of Forestry and Fire Protection (DFFP) completed forest inventory work on young growth stands in the Tongass using federal funds. The results, published in 2020, are available on the DFFP website for public and industry use. The old-growth inventory on the Tongass is less complete; the Forest Service is updating this information but has not yet released new data.

Under the GNA program, the DFFP has conducted timber sales on the Tongass National Forest, providing timber to local industry. This work has included constructing new roads and reopening or maintaining existing roads as approved by the Forest Service under the existing Tongass Forest Plan. Additional GNA timber sales are planned for Thomas Bay near Petersburg, the north side of Prince of Wales Island, and Revillagigedo Island. Through the proposed SSA, the DFFP plans to continue offering timber sales in both young-growth and old-growth stands to meet industry needs, as well as reopen forest roads and maintain drainage features on existing routes.

Receipts from GNA timber sales must be tracked separately from State timber sale receipts because federal law requires that GNA funds be used on federal lands or to support the GNA program. Some states maintain a dedicated GNA receipts account to ensure these funds remain distinct from state program revenues.

Separate from GNA, the DFFP is involved as cooperator on the Tongass Forest Plan Revision, which is in its early stages. It is unknown at this time how the Forest Service will address roads, roadless, and the Secretary of Agriculture's proposed rescission of the Roadless Rule.

3. Does the FY2027 Budget include a vacancy factor and if so what is that percentage?

Each department, except for the University of Alaska, Judiciary, and Legislature, has a vacancy factor included in the FY2027 Governor's budget; they differ across departments and components. The enclosed document titled *FY2027 Governors Budget Vacancy Factors.pdf* shows the vacancy factors in the budget by component.

Please contact my office if you have further questions.

Sincerely,



Lacey Sanders
Director

Enclosures: FY2027 Governors Budget Vacancy Factors

cc: Alexei Painter, Director, Legislative Finance Division
Jordan Shilling, Director, Governor's Legislative Office