



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor
OFFICE OF MANAGEMENT AND BUDGET
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February 25, 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 on the fiscal year (FY) 2027 Governor's amended budget to the Senate Finance Committee on February 19, 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 whole dollars unless otherwise noted.

1. Provide information on the planning and progress for the information technology (IT) modernization for the Department of Health, Division of Public Assistance (DPA).

Attached are three IT project roadmap documents for IT modernization in the DPA:

- *DPA IT Project Roadmap - Next 6 Months.pdf*
- *DPA IT Project Roadmap - Planned.pdf*
- *DPA IT Project Roadmap - Completed.pdf*

2. Provide breakdown of upfront costs versus ongoing costs related to the Division of Mining, Land and Water’s Permitting Modernization and Reform capital project.

The Department of Natural Resources’ (DNR) Division of Mining, Land and Water (DMLW) has already completed Phases 1 and 2 to determine if the product was viable for the DMLW’s needs and to develop an implementation plan. These phases used existing backlog-reduction resources—paying Windsor \$138,761.50 from the backlog reduction appropriation and an additional \$55,607.75 from prior-year operating budgets—representing only about 5.2 percent of all monies expended thus far on backlog reduction activities.

The FY2027 Governor’s Amended Permitting Modernization and Reform capital request includes a one-time \$4.5 million investment for full system implementation, while ongoing annual costs consist of \$118,750 in licensing (increasing by \$3,000 in FY2027) and \$100,000 for Azure cloud hosting.

The DNR anticipates these recurring costs will be largely or entirely offset by the savings from the elimination of a significant portion of the DNR’s presence on the mainframe. As you may be aware, the rising costs of mainframe services, driven by inflation and the migration of other departments to different platforms, have left the remaining departments to absorb a larger share of the mainframe-related expenses. By moving away from the mainframe, the DNR can avoid these escalating costs and re-allocate resources more efficiently. Additional savings will be realized by the elimination of ancillary systems developed and maintained to support agency permitting functions, and through elimination of costs associated with administration of multiple systems.

When the total costs (purchasing, licensing, vendor and agency staff support, and elimination of multiple systems) are factored in, the DNR anticipates there will be an overall reduction in the annual costs for the new system.

The system is developed as a Commercial Off-The-Shelf system that is highly configurable by existing IT and other staff at the department or division level. The DNR does not anticipate the need to hire any additional staff to administer the new system. Windsor has stated they will be reworking their licensing approach to move to a user-based model rather than the current fixed license approach and include cloud hosting incentives, which should reduce annual costs.

3. Is there a 10-year projection of state government staffing levels?

Every two years the Department of Labor and Workforce Development does 10-year industry and occupational projections; these projections are for all of Alaska’s major industry sectors, including state government. The next projections, that will go out to 2034, will be published in fall 2026.

The Alaska Job Projections for 2022 to 2032 report that was produced in fall 2024 is available online at the following link: <https://live.laborstats.alaska.gov/trends-magazine/2024/October/alaska-industry-and-occupational-projections-for-2022-2032>.

Please contact my office if you have further questions.

Sincerely,



Lacey Sanders
Director

Enclosures: DPA IT Project Roadmap - Next 6 Months.pdf
DPA IT Project Roadmap - Planned.pdf
DPA IT Project Roadmap - Completed.pdf

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