# Change Record Detail with Description (1440)
## Department of Administration

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Public Defender Agency (1631)
**RDU:** Legal and Advocacy Services (11)
**Title:** Public Defense Support

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Inc | 453.5 | 453.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3 | 0 | 0 |
| 1004 Gen Fund | | 453.5 | | | | | | | | | | |

The Public Defender Agency's current caseloads exceed the American Bar Association (ABA) guidelines for maximum ethically permissible caseloads. Continued increases in civil case appointments combined with staff reductions resulted in caseloads that remain above guideline maximums even though criminal case appointments declined in FY2017. The Agency projects that caseloads will remain above guideline limits in FY2018 and FY2019.

The Agency experienced a reduction in Criminal Rule 39 fee revenue in FY2017, and this is projected to continue into FY2018 and FY2019. An increase of $453.5 general funds is necessary to replace the reduced program receipt revenue and to maintain staffing levels. This allows the Agency to fill three positions for public defense and will aid the Agency in meeting its obligations. This will reduce delay, litigation, and case costs.

Criminal Rule 39 fees are assessed to reimburse the Public Defender Agency for the costs of appointed counsel. The fees are charged to clients on a schedule depending upon the outcome of their case as specified in the rule. The Department of Law then collects these from the client when possible.

# Change Record Detail with Description (1440)
## Department of Corrections

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Institution Director's Office (1381)
**RDU:** Population Management (550)
**Title:** Add Authority to Meet Operational Needs Within Institutions

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 10,447.6 | 0.0 | 0.0 | 10,447.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 10,447.6 | | | | | | | | | | |

This request will replace a portion of the FY2017 and FY2018 reductions associated with passed legislation SB91. This legislation introduced major changes in the criminal justice system, but has not yet been fully implemented, nor have projected reductions for the first two years been achieved, leaving DOC without sufficient funding to maintain safe institutional operations. This request reflects the intent to adequately fund the current correctional facility operations for FY2018.

The fiscal note for SB91 reduced the annual budget immediately although offender population reductions were expected to be achieved over a period of time. The FY2018 budget reflects a total budget reduction of ($18.7) million based on the anticipated reduction of 1,257 inmates daily starting July 1, 2017 (248 1st year / 1,009 2nd year). As of September 30, 2017 the population has been reduced by an average of 530 daily with offender population starting to increase. The Pretrial Services Program becomes effective January 2018 and is anticipated to reduce the incarcerated population by approximately 165 by June 2018 based on PEW projections; however, actual impacts are still unknown at this time leaving a shortfall within the operating budgets of the correctional facilities.

Anticipated savings will not be attainable until the projected reductions within passed legislation SB91 can be achieved. Continued cuts will hinder the department's ability to meet daily operations for secure facilities and safe communities and require a supplemental appropriation throughout the various correctional facilities due to overcrowding of the institutions and the potential of offenders releasing back into the communities unprepared, generating public safety issues.

Operating expenditures in FY2017 resulted in a supplemental request of $10.0 million for inmate medical services and approximately $4.0 million of existing authority from Community Residential Centers was used to meet the shortfalls within the operating institutional facilities. The FY2018 budget has been reduced by an additional ($20.1) million to Institutions and the Community Residential Centers in anticipation of the reductions to the offender population.

Based on current projections and the offender population trend, it is anticipated that DOC will need a supplemental for FY2018 of $10,447.6 to meet institutional shortfalls.

$10,447.6 of general fund authorization is allocated as follows:

$3,217.1 Anchorage Correctional Complex
$819.4 Combined Hiland Mountain Correctional Center
$754.6 Fairbanks Correctional Center
$148.9 Ketchikan Correctional Center
$698.8 Lemon Creek Correctional Center
$3,484.5 Spring Creek Correctional Center
$204.5 Wildwood Correctional Center
$845.2 Yukon-Kuskokwim Correctional Center
$274.6 Inmate Transportation

# Change Record Detail with Description (1440)
## Department of Corrections

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Institution Director's Office (1381)
**RDU:** Population Management (550)
**Title:** Add Authority to Meet Operational Needs Within Institutions

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|

The amount necessary, not to exceed $10,447,600, is appropriated from the general fund, to the Department of Corrections, institution director's office, for operating costs across Alaska's correctional facilities for the fiscal year ending June 30, 2018.

# Change Record Detail with Description (1440)

## Department of Corrections

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Physical Health Care (2952)
**RDU:** Health and Rehabilitation Services (638)
**Title:** Increased Costs for Nursing Shortages, Medical Fees, Chronic Disease, and Pharmaceuticals

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 10,341.5 | 0.0 | 0.0 | 10,341.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 10,341.5 | | | | | | | | | | |

Additional funding is needed to cover a projected shortfall of $10,341.5 for FY2018. The Department of Corrections (DOC) is obligated to deliver essential medical care to incarcerated offenders under AS 33.30.011(4). This supplemental is needed to meet the increased inmate health care costs that include fees-for-service, increased pharmaceutical costs, increased contractual obligations and physical health care staff cost overages due to overtime for medical coverage.

A $2,547.8 shortfall is projected in the personal services line. The driving factors include overtime for 24-hour medical coverage, expanded medical coverage for a detox unit at the womens' facility and non-perm sub-fill position costs to meet nursing shortages utilized to meet position vacancies. With the number of position vacancies the DOC is forced to utilize overtime or non-permanent sub-fill nursing positions to meet the medical coverage required with the 12 operating institutions. The Physical Health Care component cannot absorb these expenditures within the personal services line.

A $6,418.7 shortfall is projected in the services line. This shortfall is primarily related to medical fees for hospital services not covered by Medicaid, increases in hospital contracts rates, increase in fees for services, increase in laboratory costs, increase in high cost cases and increase in nursing contracts for provider coverage due to position vacancies. The department is required to provide and pay health care services for all offenders. The department is seeing an increase in chronic disease associated with diabetes, dialysis, lung issues, cancer, heart disease, surrounding health-related issues due to obesity, and health issues associated with care for geriatrics. Fees-for-service are generated when it is necessary to seek non-institutional medical treatment for an inmate. The types of non-institutional medical treatment may include dialysis treatment for renal failure and/or acute renal failure, chemotherapy and radiation, etc. The department promotes good relations with non-institutional health care providers by maintaining timely payments, abiding by contractual agreements, and by avoiding incurring interest charges. Nonpayment could result in a lapse of medical services for inmates and ultimately increase the severity of health related issues of this population resulting in higher costs due to non-treatment or even litigation if left untreated.

A $1,375.0 shortfall is projected in the commodities line. This shortfall is primarily related to an increase in pharmaceutical costs as well as routine medical supply cost increases. One of the higher cost drugs is used to treat Hepatitis C at more than $73,900 per offender for a three month regimen. While costly, this medication treatment is a cure for this contagious disease which is otherwise passed to others within the prison or to the public upon release. It is estimated that approximately 20% of our offender population has Hepatitis C compared to only 1% of the general population. Currently, treatment is provided to those higher risk inmates that without treatment would die or deteriorate rapidly due to the hepatitis C virus. In addition to the medical supplies, equipment, and patient specific durable medical equipment costs are also increasing. These supplies update and may replace outdated supplies and equipment within the facilities and assist in meeting and maintaining the minimum standards of care.

The amount necessary, not to exceed $10,341,500, is appropriated from the general fund, to the Department of Corrections, physical health care, for physical health care costs of inmates for the fiscal year ending June 30, 2018.

# Change Record Detail with Description (1440)

## Department of Education and Early Development

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Mt. Edgecumbe Boarding School (1060)
**RDU:** Mt. Edgecumbe Boarding School (64)
**Title:** Operating and Maintenance of the Mt. Edgecumbe High School Aquatic Center (FY18- FY19)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | MultiYr | 400.0 | 0.0 | 0.0 | 400.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1087 Muni Match | | 400.0 | | | | | | | | | | |

The Mt. Edgecumbe High School Aquatic Center (MEHSAC) is scheduled to be completed in January 2018, and available for public use in February 2018. Actual annual costs are unknown and will be projected after a full year of use; however, data from similar-sized facilities within the state suggests annual costs to be estimated at approximately $583.0. This amount budgets for one full-time pool manager, and five part-time positions, one part-time assistant pool manager and four part-time life guards, as well as other operational and maintenance items necessary to safely run the facility.

This $400.0 multi-year appropriation will be used to support the operations and maintenance costs of the MEHSAC from its opening in FY2018 through FY2019. During this time, the Department of Education and Early Development, in partnership with Mt. Edgecumbe High School, will work with, and engage, the Sitka community in efforts to offset the annual costs of the MEHSAC operations and maintenance, and provide a savings to the state.

It is the intention of the state that 65% of operation and maintenance cost for the MEHSAC be from sources other than state funds in future years.

# Change Record Detail with Description (1440)
## Department of Education and Early Development

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Executive Administration (2736)
**RDU:** Education Support Services (400)
**Title:** Extend Every Student Succeeds Act Support Funding Sec20 Ch2 4SSLA2016 P36 L21 (SB138) (FY17- FY19)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Language | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |

Extend Every Student Succeeds Act Support Funding (ESSA) Sec20 Ch2 4SSLA2016 P36 L21 (SB138) (FY17-FY18) into FY19. The Department of Education and Early Development is still awaiting ESSA revisions from the Federal government and is still in the implementation phase. This extension will allow the department to complete the implementation of ESSA.

# Change Record Detail with Description (1440)
## Department of Health and Social Services

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Health Care Medicaid Services (2077)
**RDU:** Medicaid Services (595)
**Title:** Medicaid FY18 Projections

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Inc | 92,986.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 92,986.0 | 0.0 | 0 | 0 | 0 |
| 1003 G/F Match | | 92,986.0 | | | | | | | | | | |

If the amount necessary to fund medical assistance services required under Title XIX of the Social Security Act exceeds the amount appropriated in sec 1, ch1, SSSLA2017, the additional amount necessary to fund medical assistance services required under Title XIX of the Social Security Act, estimated to be $92,986,000, is appropriated from the general fund to the Department of Health and Social Services, Medicaid services, for the fiscal year ending June 30, 2018.

While a continued decrease in the percentage of of state general fund spending for the average medical assistance recipient is reported between FY2016 and FY2017, the enrollment for non-Medicaid expansion continues to increase into FY2018. The projected general fund expenditures for FY2018 is $664,233.9 and after excluding the request for CHIP, a state general fund shortfall of $92,986.0 is expected.

This is partially due to the downturn in the economy and growth of the non-Medicaid expansion population that is continuing into FY2018. The Department of Health and Social Services (DHSS) have implemented several strategies to help address budget challenges, such as withholding schedule inflationary increases in certain payment rates for FY2016 through FY2018; rate reductions for professional services; and some service reductions have succeeded in offsetting the anticipated shortfall and the projected expenditures for the state fiscal year are still less than those budgeted for in earlier years. The proposed FY2018 GF supplemental totaling $92,986.0 represents the difference between FY2017 GF actual expenditures plus an additional 4.7% increase.

# Change Record Detail with Description (1440)
## Department of Health and Social Services

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Health Care Medicaid Services (2077)
**RDU:** Medicaid Services (595)
**Title:** CHIP FY18 Projections

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Inc | 7,014.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7,014.0 | 0.0 | 0 | 0 | 0 |
| 1003 G/F Match | | 7,014.0 | | | | | | | | | | |

If the amount necessary to fund the Children's Health Insurance Program under Title XXI of the Social Security Act exceeds the amount appropriated in sec 1, ch1, SSSLA2017, the additional amount necessary to fund services under Title XXI of the Social Security Act, estimated to be $7,014,000, is appropriated from the general fund to the Department of Health and Social Services, Medicaid services, for the fiscal year ending June 30, 2018.

The United States Congress has not re-authorized the Federal Fiscal Year 2018 Children's Health Insurance Program (CHIP) and available federal funding for this program is estimated to be exhausted for the second half of the state fiscal year of 2018. If CHIP is not reauthorized the federal reimbursement rate for eligible children will decline from 88% to 50%. If reauthorization does not occur an additional $7,014.0 in additional state general fund authority would be required in order to continue providing Medicaid services to eligible children.

# Change Record Detail with Description (1440)
## Department of Health and Social Services

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Health Care Medicaid Services (2077)
**RDU:** Medicaid Services (595)
**Title:** Medicaid Federal Receipt Collections

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Language | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |

Federal receipts received during the fiscal year ending June 30, 2018, for Medicaid services, estimated to be $0, are appropriated to the Department of Health and Social Services, Medicaid services, for the fiscal year ending June 30, 2018.

The department is continually making efforts to seek options to leverage federal funds to provide Medicaid services within the state and mitigate the effect of demographic changes on general fund expenditures. Though the department is confident that the amount of federal authority in FY2017 adequately reflects federal revenues, unanticipated changes may provide for opportunities to leverage additional federal receipt authority.

# Change Record Detail with Description (1440)
## Department of Health and Social Services

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Behavioral Health Treatment and Recovery Grants (3099)
**RDU:** Behavioral Health (483)
**Title:** Substance Use Disorder Grants (FY18-21)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | MultiYr | 18,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 18,000.0 | 0.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 18,000.0 | | | | | | | | | | |

Given the immediate Opioid crisis and ongoing substance misuse and addiction in Alaska, it is imperative for the public safety of Alaskans that treatment services be available to those who need them. This four-year grant program is a response to a clear and urgent need to expand substance use disorder (SUD) services by addressing gaps in the continuum of care identified by local communities. Access to treatment will improve public safety as well as help parents to unify with their children more effectively. This initiative aims to take another step in building out a comprehensive continuum of care for SUD services, including outpatient services, intensive case management, residential treatment, medically-monitored sobering centers, Medication Assisted Treatment (MAT), withdrawal management (detoxification) services and recovery support. In addition, the ability to expand SUD services and impact recovery will be further enhanced by seeking to develop housing programs, including housing supports, for addicted persons who are homeless or near homeless, including reentrants from the correctional system.

# Change Record Detail with Description (1440)
## Special Appropriations

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Judgments, Claims and Settlements (3008)
**RDU:** Judgments, Claims and Settlements (615)
**Title:** DEC Wage and Hour Settlement

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | IncM | 322.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 322.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 322.0 | | | | | | | | | | |

A DEC employee was dismissed in June 2013 as a result of progressive discipline. The dismissal was grieved and the union requested an arbitration. In June 2017, the arbitrator rendered a decision and ordered that State make the employee whole for all lost wages and benefits as the result of the dismissal. The DOP Labor Relations worked with DOP Payroll Services and informed DEC that the total lost wages and benefits comes to the tune of $413.0. Of this DEC was able to pay approximately $90.0 from FY2017 fiscal year end balances and DEC does not have funds to cover the remaining $322.0 and the only way to make up the difference is through laying off of employees.

The Division currently has to maintain approximately 8 to 10% positions vacant to generate savings for budget V&T and loosing additional staff will result in the Divisions ability to respond to oil and hazardous materials spill

# Change Record Detail with Description (1440)
## Department of Military and Veterans Affairs

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Office of the Commissioner (414)
**RDU:** Military & Veterans Affairs (530)
**Title:** Add Special Assistant (09-#011) to Preserve and Protect Department of Defense Investment in Alaska (ADN: 09-2018-0065)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Inc | 94.1 | 94.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1 | 0 | 0 |
| 1004 Gen Fund | | 94.1 | | | | | | | | | | |

Add one full-time Special Assistant to the Commissioner (PCN: 09-#011) in the Office of the Commissioner. This position is part of a coherent engagement strategy with Department of Defense (DOD) and other key stakeholders (federal military senior officials, Congressional Delegation (CODEL), local base retention groups, and members of the public) to preserve, protect, and potentially grow (DOD) investment in the State of Alaska.

Other states within the United States possess an average of two full-time positions to address base retention issues. Alaska has none.

A new Base Realignment and Closure (BRAC) authorization is currently being considered by the United States Congress for execution in federal fiscal year 2021 and ongoing budgetary effects are driven by the Budget Control Act of 2011. A Special Assistant in the Office of the Commissioner will improve situational awareness of important developments pertaining to these situations and can assist the department in proactive responses.

A study by the State of Alaska Department of Labor estimates 60% of all federal dollars spent in the State of Alaska are devoted to defense spending.

The position start date is December 1, 2017 and this amount will cover the partial fiscal year.

# Change Record Detail with Description (1440)
## Department of Military and Veterans Affairs

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Air Guard Facilities Maintenance (416)
**RDU:** Military & Veterans Affairs (530)
**Title:** Increase Federal Authority and GF Match Associated with C-17 Acquisition (ADN: 09-2018-0115)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Inc | 884.0 | 388.5 | 0.0 | 495.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1002 Fed Rcpts | | 663.0 | | | | | | | | | | |
| 1003 G/F Match | | 221.0 | | | | | | | | | | |

In 2013 and 2014, discussions between the State of Alaska, Headquarters Pacific Air Forces, and the National Guard Bureau generated recommendations for transitioning aircraft operated by the Alaska Air National Guard (AKANG) as C-130 aircraft it operated were being reduced throughout the United States Air Force with older ones being retired and not replaced. Based on direction from the Air Force Chief of Staff Strategic Choices forum in February 2015, and codified in the 2016 National Defense Authorization Act, eight (8) C-17 aircraft transferred from the active duty Air Force to the AKANG in May 2017. (Note: While the newly gained aircraft remain federal property, they will be maintained and operated by the AKANG). Furthermore, as part of this mission transfer, the State of Alaska accepted responsibility for Facilities Operations/Maintenance for three buildings supporting C-17 operations.

Air Guard Facilities Management previously maintained approximately 480,000 square feet and has gained an additional 206,000 square feet to support the C-17 flying mission. This additional 206,000 square feet will remain federal property, but will be used by the AKANG for the purpose of this mission; as such, the AKNG will be responsible for routine maintenance and repair actions which is unsupportable without additional personnel. The department will not be responsible for larger-scale recapitalization projects in these facilities. Hangar 21 is the largest portion of this square footage, the complexity of which requires a robust preventive maintenance program by skilled personnel to provide a safe, healthy workplace for Alaska Air National Guard members and DMVA employees. There is a high demand for the C-17 airframe and the Alaska Air National Guard’s obligation to the state and federal government to provide airlift capability would be impacted if the facility maintenance were neglected. Additionally, failure to properly maintain any facility in Alaska’s harsh environment may lead to catastrophic systems damage, driving significant repair and replacement costs.

Five full-time positions were created in Air Guard Facilities Maintenance to operate and maintain facilities gained to support the new aircraft. These positions are supported by federal funds (75%) and general funds match (25%) and are needed to meet federal requirements. The five new personnel positions associated with this request were included in Air Guard's FY2018 Management Plan personal services module.

# Change Record Detail with Description (1440)
## Special Appropriations

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Klutina Lake Road Survey (3208)
**RDU:** Klutina Lake Road Survey (680)
**Title:** Klutina Lake Road Survey (FY18-FY20)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | MultiYr | 350.0 | 0.0 | 0.0 | 350.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 350.0 | | | | | | | | | | |

The sum of $350,000 is appropriated from the general fund to the Department of Transportation and Public Facilities to support survey activities along the Klutina Lake Road for the fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020.

There has been long-standing litigation between the State and Ahtna, Inc. regarding Klutina Lake Road. The current lawsuit originated in 2008 when Ahtna sued the state alleging action by the state along the unpaved road constituted a trespass. The State counterclaimed, asserting that federal Revised Statute 2477 affirmed the existence of a state right of way. Both parties agreed to the existence of a current public road but disagreed on the width of the road and the scope and extent of the State's property interests in the road. Resolving this dispute through arbitration has failed and a new trial date will be scheduled by the court.

In an effort to ensure that the State is able to provide for the public's ability to continue using the road to access outdoor activities while respecting Ahtna's concerns surrounding potential impacts to private property rights, and land and resource management, survey activities will be performed by the Department. The Department will perform a right of way survey along this route to define the exact limits of the public interest right of way. This survey will result in detailed right of way maps for the Klutina Lake Road and will be used to work towards a resolution in the dispute with Ahtna Inc.

# Change Record Detail with Description (1440)

## Fund Capitalization

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Community Assistance Fund (2907)
**RDU:** Fund Capitalization (no approp out) (608)
**Title:** FY2018 Deposit from the Power Cost Equalization Fund

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 30,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 30,000.0 | 0 | 0 | 0 |
| 1169 PCE Endow | | 30,000.0 | | | | | | | | | | |

The sum of $30,000,000 is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the community assistance fund (AS 29.60.850) for the fiscal year ending June 30, 2018.

In 2016, the Legislature passed SB 196, which adjusted the target earning rate for the Power Cost Equalization (PCE) Fund and allowed appropriation of earnings in excess of the costs of the program and management of the fund to fund the Community Assistance Program and rural energy programs.

In FY2017, the Power Cost Equalization Fund earned $112,330,514. PCE program costs are anticipated to decline in FY2018. The total draw for the cost of the PCE program and associated support and management costs in the Alaska Energy Authority and the Department of Revenue total $33,095,800. After following the formula in AS 42.45.085(d), $55,464.3 is available for appropriation to the Community Assistance Fund and rural energy programs. $30,000,000 will be deposited in the community assistance fund per AS 42.45.085(d)(2)(A), and $25,000,000 will be used to fund rural energy programs per AS 42.45.085(d)(2)(A). The remaining $464,300 will remain in the Power Cost Equalization Fund.

In FY2018, the statutory distribution from the Community Assistance Fund totaled $30,098,116. The statutory distribution was supplemented by an additional $8 million appropriation for the FY2018 distribution, which brought the total amount distributed to $38,098,116. Without further capitalization of the Community Assistance Fund, the FY2019 statutory distribution is anticipated to just exceed $20 million. This transfer from the PCE Fund to the Community Assistance Fund is anticipated to increase the FY2019 statutory distribution to just exceed $30 million.

Calculation of FY2017 PCE Earnings Available for Appropriation
$32,355.0 - FY2018 PCE Program Costs
+ $381.8 - Alaska Energy Authority program management costs
+ $359.0 - Department of Revenue Treasury Division fund management costs
$33,095.8 - Total FY2018 Draw

$112,330.5 - PCE FY2017 Earnings
-$33,095.8 - Total FY2018 Draw
$79,234.7 - Difference between earnings and usage
* 70% - Statutory formula under AS 42.45.085(d)
$55,464.3 - PCE FY2017 Earnings Available for Appropriation under AS 42.45.085(d)
$55,000.0 – Maximum PCE FY2017 Earnings that may be appropriated per AS 42.45.085(d)(2)

# Change Record Detail with Description (1440)
## Fund Capitalization

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Alaska Liquefied Natural Gas Project Fund (3085)
**RDU:** Caps spent as duplicated funds (612)
**Title:** Deposit Investments into Alaska Liquefied Natural Gas Fund

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | MultiYr | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |

The amount of statutory designated program receipts received by the Alaska Gasline Development Corporation during the fiscal years ending June 30, 2018 and June 30, 2019 are appropriated to the Alaska liquefied natural gas project fund (AS 31.25.110)

The Alaska Gasline Development Corporation (AGDC) assumed sole ownership of the Alaska Liquefied Natural Gas (LNG) project in January 2017 for the development of the natural gas infrastructure required to move gas from the North Slope to Cook Inlet. This project will unlock Alaska’s stranded natural gas reserves, provide energy and jobs to Alaska, and provide revenues to state government through major gas sales. AGDC expects to receive investments from outside parties as it continues to develop the Alaska LNG project. Investment funding will support the project as it contracts with engineering, procurement, and construction (EPC) firms to conduct front-end engineering and design and lump-sum turn-key estimates prior to a final investment decision in calendar year 2019.

# Change Record Detail with Description (1440)
## Fund Capitalization

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Alaska Liquefied Natural Gas Project Fund (3085)
**RDU:** Caps spent as duplicated funds (612)
**Title:** Transfer from In-State Natural Gas Pipeline Fund

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 12,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 12,000.0 | 0 | 0 | 0 |
| 1229 AGDC-ISP | | 12,000.0 | | | | | | | | | | |

The unexpended and unobligated balance as of June 30, 2018, of the in-state natural gas pipeline fund (AS 31.25.100), estimated to be $12,000,000, is appropriated to the Alaska liquefied natural gas project fund (AS 31.25.110).

The Alaska Gasline Development Corporation (AGDC) assumed leadership of the Alaska Liquefied Natural Gas (LNG) project in January 2017 for the development of the natural gas infrastructure required to move gas from the North Slope to Cook Inlet. This project will unlock Alaska's stranded natural gas reserves, provide energy and jobs to Alaska, and fund state government through major gas sales.

The Governor issued Administrative Order 274 directing AGDC to ensure work on the Alaska Stand Alone Pipeline Project will also benefit the Alaska LNG Project. At the conclusion of FY2018 it will no longer be necessary to have two separate funds: 1229 Alaska Gasline Development Corporation – Instate Pipeline (AGDC-ISP) and 1235 Alaska Gasline Development Corporation – Liquefied Natural Gas (AGDC-LNG). Moving the balance of fund 1229 AGDC-ISP into fund 1235 AGDC-LNG will streamline AGDC's administrative and budget processes and match the Governor's direction. Keeping the cost of all activities including administrative to a minimum contributes to the positive economics of this project.

# Change Record Detail with Description (1440)
## Fund Capitalization

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** In-state Natural Gas Pipeline Fund (3019)
**RDU:** Caps spent as duplicated funds (612)
**Title:** Transfer to Liquefied Natural Gas Project Fund

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Language | -12,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -12,000.0 | 0 | 0 | 0 |
| 1229 AGDC-ISP | | -12,000.0 | | | | | | | | | | |

The unexpended and unobligated balance as of June 30, 2018, of the in-state natural gas pipeline fund (AS 31.25.100), estimated to be $12,000,000, is appropriated to the Alaska liquefied natural gas project fund (AS 31.25.110).

The Alaska Gasline Development Corporation (AGDC) assumed leadership of the Alaska Liquefied Natural Gas (LNG) project in January 2017 for the development of the natural gas infrastructure required to move gas from the North Slope to Cook Inlet. This project will unlock Alaska's stranded natural gas reserves, provide energy and jobs to Alaska, and fund state government through major gas sales.

The Governor issued Administrative Order 274 directing AGDC to ensure work on the Alaska Stand Alone Pipeline Project will also benefit the Alaska LNG Project. At the conclusion of FY2018 it will no longer be necessary to have two separate funds: 1229 Alaska Gasline Development Corporation – Instate Pipeline (AGDC-ISP) and 1235 Alaska Gasline Development Corporation – Liquefied Natural Gas (AGDC-LNG). Moving the balance of fund 1229 AGDC-ISP into fund 1235 AGDC-LNG will streamline AGDC's administrative and budget processes and match the Governor's direction. Keeping the cost of all activities including administrative to a minimum contributes to the positive economics of this project.

# Change Record Detail with Description (1440)
## Fund Transfers

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Renewable Energy Grant Fund 1210 (2922)
**RDU:** OpSys DGF Transfers (non-add) (606)
**Title:** FY2018 Deposit from the Power Cost Equalization Fund

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 14,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14,000.0 | 0 | 0 | 0 |
| 1169 PCE Endow | | 14,000.0 | | | | | | | | | | |

The sum of $14,000,000 is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the renewable energy grant fund (AS 42.45.045) for the fiscal year ending June 30, 2018.

This appropriation will provide funding for Round IX grants. These projects reduce and/or stabilize the cost of energy for communities statewide.

Calculation of FY2017 PCE Earnings Available for Appropriation
$32,355.0 - FY2018 PCE Program Costs
+ $381.8 - Alaska Energy Authority program management costs
+ $359.0 - Department of Revenue Treasury Division fund management costs
$33,095.8 - Total FY2018 Draw

$112,330.5 - PCE FY2017 Earnings
-$33,095.8 - Total FY2018 Draw
$79,234.7 - Difference between earnings and usage
* 70% - Statutory formula under AS 42.45.085(d)
$55,464.3 - PCE FY2017 Earnings Available for Appropriation under AS 42.45.085(d)
$55,000.0 – Maximum PCE FY2017 Earnings that may be appropriated per AS 42.45.085(d)(2)

Sec. 3. AS 42.45.085 is amended by adding new subsections to read:
(c) If the amount appropriated under (a) of this section is insufficient to achieve the purposes of (a)(1) - (3) of this section, the amount shall be prorated among the purposes listed in (a)(1) and (2) of this section.
(d) If the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the current fiscal year, the legislature may appropriate 70 percent of the difference between the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), and the appropriation made under (a) of this section for the current fiscal year as follows:
(1) if the amount calculated under this subsection is less than $30,000,000, that amount to a community revenue sharing or community assistance fund; or
(2) if the amount calculated under this subsection is $30,000,000 or more,
(A) $30,000,000 to a community revenue sharing or community assistance fund; and
(B) the remaining amount, not to exceed $25,000,000, to the renewable energy grant fund established under AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or for rural power system upgrades or to a combination of the funds or purposes listed in this subparagraph.

# Change Record Detail with Description (1440)
## Fund Transfers

**Scenario:** FY2018 Supplemental In FY2019 Gov (14749)
**Component:** Alaska Marine Highway System Fund (1225)
**RDU:** OpSys DGF Transfers (non-add) (606)
**Title:** FY2018 Deposit from the General Fund

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 23,918.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 23,918.2 | 0 | 0 | 0 |
| 1004 Gen Fund | | 23,918.2 | | | | | | | | | | |

The sum of $23,918,200 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060) for the fiscal year ending June 30, 2018.

This supplemental appropriation is intended to deposit the full $30 million to the fund, related to a previous appropriation.

Sec40c Ch1 SSSLA2017 P116 L7 (HB57) is a contingent appropriation:
The sum of $30,000,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

Of the $30 million appropriated from the general fund to the Alaska Marine Highway System fund for FY2018, only $6,081,800 was available to transfer due to the associated contingent language.

| Alaska Energy Authority - Volkswagen Settlement | FY2018 Request: | $8,125,000 |
|---|---|---|
| | Reference No: | 61842 |

**AP/AL:** Appropriation
**Category:** Transportation
**Location:** Statewide
**Impact House District:** Statewide (HD 1-40)
**Estimated Project Dates:** 06/30/2018 - 06/30/2022
**Project Type:** Life / Health / Safety
**House District:** Statewide (HD 1-40)
**Contact:** Michael Lamb
**Contact Phone:** (907)771-3000

**Brief Summary and Statement of Need:**
The Environmental Mitigation Trust established as part of the Volkswagen (VW) Settlement is explicitly intended for funding Eligible Mitigation Actions (Appendix D-2 of Environmental Mitigation Trust Agreement) to fully mitigate the total, lifetime excess NOx emissions from the 2.0L and 3.0L subject vehicles. Alaska has been allocated $8.125 million to fund eligible actions over the next ten years. The consent decree requires the development of a Beneficiary Mitigation Plan (Plan) that summarizes how the funds will be used to provide the public with insight into the State's high-level vision for use of the mitigation funds and information about the specific uses for funding.

| **Funding:** | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|---|---|---|---|---|---|---|---|
| 1108 Stat Desig | $8,125,000 | | | | | | $8,125,000 |
| Total: | $8,125,000 | $0 | $0 | $0 | $0 | $0 | $8,125,000 |

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

**Operating & Maintenance Costs:**

| | Amount | Staff |
|---|---|---|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 0 | 0 |

**Prior Funding History / Additional Information:**

No prior funding history.

**Project Description/Justification:**
There are several critical deadlines the State must comply with in order to access VW Trust funds. First is the completion of the certification documents, which must be submitted within 60 days of the Trust Effective Date, recently set as October 2, 2017. If Alaska fails to submit the certification documents within 60 days, Alaska will not be eligible to receive the state allocated portion of the settlement. Following submission of the certification documents, the Plan must be submitted within 90 days. Alaska Energy Authority (AEA) must also be given receipt and expend authority for funds, required within two years of court certification. AEA is working with stakeholders, including the Governor's Office and the Department of Environmental Conservation to ensure Alaska stays on track to meet all required deadlines in order to fully capitalize on the funding and its potential benefits for Alaska communities.

The Alaska Energy Authority has worked with the Denali Commission to secure financial support to help cover administrative costs related to management of the VW Settlement Trust funds, with a focus on assisting Tribes in identifying and developing projects that are eligible for the $54.5 million VW Settlement Tribal allocation which is open to all Tribes nationwide.

Additional information on the timeline and the Volkswagen Diesel Settlement is online at http://www.akenergyauthority.org/programs/vwsettlement.

| **Alaska Marine Highway System Vessel Overhaul, Annual Certification and Shoreside Facilities Rehabilitation** | **FY2018 Request:** | **$6,000,000** |
|---|---|---|
| | **Reference No:** | **30624** |

**AP/AL:** Appropriation
**Project Type:** Renewal and Replacement
**Category:** Transportation
**Location:** Statewide
**House District:** Statewide (HD 1-40)
**Impact House District:** Statewide (HD 1-40)
**Contact:** Mike Vigue
**Estimated Project Dates:** 06/30/2018 - 06/30/2022
**Contact Phone:** (907)465-6971

**Brief Summary and Statement of Need:**
The Alaska Marine Highway System (AMHS) requires annual maintenance and overhaul on vessels and at terminals, particularly components or systems whose failures impact service in the short term. Annual overhaul of vessels is necessary to pass United States Coast Guard (USGS) inspections and obtain a Certificate of Inspection (COI) necessary to operate in revenue service. Expenses for annual maintenance exceeded annual budgeted amounts in FY2017 and projected for FY2018. This supplemental allows the AMHS to accomplished required maintenance without impacting route service.

| **Funding:** | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|---|---|---|---|---|---|---|---|
| 1004 Gen Fund | $6,000,000 | | | | | | $6,000,000 |
| Total: | $6,000,000 | $0 | $0 | $0 | $0 | $0 | $6,000,000 |

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☑ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

**Operating & Maintenance Costs:**

| | Amount | Staff |
|---|---|---|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 0 | 0 |

**Prior Funding History / Additional Information:**
Sec1 Ch1 SLA2017 P24 L14 SB23 $1,000,000
Sec21(g) Ch1 SLA2017 P8 L8 SB23 $11,000,000
Sec1 Ch2 SLA2016 P7 L19 SB138 $12,000,000
Sec25(d) Ch38 SLA2015 P39 L25 SB26 $10,000,000
Sec1 Ch18 SLA2014 P63 L23 SB119 $12,000,000
Sec1 Ch16 SLA2013 P79 L4 SB18 $10,000,000
Sec1 Ch17 SLA2012 P136 L16 SB160 $10,000,000
Sec7 Ch17 SLA2012 P167 L26 SB160 $5,455,000

**Project Description/Justification:**
This project is for numerous recurring maintenance tasks and improvements to the vessels. In order to operate in revenue service, the vessels must be certified by classification societies and the United States Coast Guard (USCG). During the inspections, it is common for inspectors to find additional maintenance problems that must be addressed for the vessels to operate safely. This is commonly referred to as discovery work.

In past years, the Alaska Marine Highway System (AMHS) funded it's annual maintenance and discovery work through two concurrent mechanisms – vessel maintenance appropriations and deferred maintenance appropriations. In FY2013, FY2014, and FY2015 AMHS received both a $10-$12.0 million maintenance appropriation and deferred maintenance appropriations averaging $3.0 million/year. Together, these appropriations were able to provide for the approximately $15.0 million in annual maintenance expenses that the system incurs every year. In recent years; however, deferred maintenance allocations to the system have become much learner, leaving the system with challenges in funding the maintenance and discovery needs of the system.

As ships continue to age, maintenance and discovery work increases. In acknowledgment of the fact that maintenance needs would continue to rise in the near future while appropriations would continue to be constrained, AMHS, shifted a portion of their maintenance costs from the capital budget to the operating budget. Doing so preserved $4.0 million in funding for these maintenance needs and allowed the system to carry forward $6.0 million in maintenance appropriations into the subsequent year.

In FY2017, the system was unable to bill maintenance charges to their operating budget because their budget was funded on a one-time balance depletion of the Marine Highway Fund. Notwithstanding this action, FY2017 maintenance and discovery work was significantly higher than anticipated ($21.4 million), largely due to needed Tustumena repairs identified during inspection. By the end of FY2017, the system not only depleted their outstanding prior year maintenance appropriations but also had to drain new FY2018 appropriations by $3.2 million.

This means that the system now only has $8.8 million remaining in order to fund an anticipated $16.0 million in FY2018 maintenance work. $1.0 million was allocated from FY2017 deferred maintenance appropriations but a shortfall still exists. For this reason, a $6.0 million supplemental appropriation is necessary for the system to operate effectively in FY2018; however, between the repower of multiple ships and the extensive Tustumena work, there should be less discovery costs moving forward.

| **AMHS Maintenance Activity ($millions)** | **Actual** | **Actual** | **Actual** | **Projection** |
|---|---|---|---|---|
| **Fiscal Year** | **2015** | **2016** | **2017** | **2018** |
| Carry Forward from PY | $ 1.2 | $ 1.6 | $ 6.2 | $ (3.2) |
| Supplemental | $ - | $ - | $ - | $ 6.0 |
| Annual Certification Appropriation | $ 12.0 | $ 10.0 | $ 12.0 | $ 12.0 |
| Deferred Maintenance Appropriation | $ 3.0 | $ - | $ - | $ 1.0 |
| Operating Budget Use | $ - | $ 4.0 | $ - | $ - |
| **Total Appropriations** | **$ 16.2** | **$ 15.6** | **$ 18.2** | **$ 15.8** |
| **Actual cost of Certification** | **$ 14.6** | **$ 9.4** | **$ 21.4** | **$ 15.8** |
| **Surplus/Deficit** | **$ 1.6** | **$ 6.2** | **$ (3.2)** | **$ 0.0** |

| Projected Expenditures by Vessel | |
|---|---|
| **Vessel** | **Projected Spend** |
| Aurora | $0.8 million |
| Chenega | - |
| Columbia | $1.1 million |
| Fairweather | $1.0 million |
| Kennicott | $3.0 million |
| LeConte | $0.8 million |
| Lituya | $0.5 million |
| Malespina | $3.2 million |
| Matanuska | $1.3 million |
| Taku | - |
| Tustumena | $2.6 million |
| Engineering Department | $1.4 million |
| **Total** | **$15.8 million** |

**Reapprop for Municipal Matching Grants Project Administration - NTE $200,000** | **FY2018 Request:** $0 | **Reference No:** 57853

**AP/AL:** Appropriation
**Project Type:** Life / Health / Safety
**Category:** Health/Human Services
**Location:** Statewide
**House District:** Statewide (HD 1-40)
**Impact House District:** Statewide (HD 1-40)
**Contact:** Andrew Sayers-Fay
**Estimated Project Dates:** 06/30/2018 - 06/30/2022
**Contact Phone:** (907)269-6281

**Brief Summary and Statement of Need:**
The Department of Environmental Conservation anticipates completed Municipal Matching Grants projects to lapse roughly $440,000 at the end of FY2018. Department costs to administer these projects is unpredictable and can exceed the amount available in the appropriations for administrative costs. When that happens, these costs must shift to the operating budget which has been significantly reduced in recent years. This reappropriation ensures sufficient funds are available to administer the remaining Municipal Matching Grant appropriations.

| Funding: | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|---|---|---|---|---|---|---|---|
| 1004 Gen Fund | | | | | | | $0 |
| Total: | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

**Operating & Maintenance Costs:**

| | Amount | Staff |
|---|---|---|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 0 | 0 |

**Prior Funding History / Additional Information:**
Sec28 Ch16 SLA2013 P127 L30 SB18 $359,547

**Project Description/Justification:**
The unexpended and unobligated balances, not to exceed $200,000, of the following appropriations are reappropriated to the Department of Environmental Conservation for project administration of water quality enhancement, water supply, sewage, and solid waste facilities grants to municipalities:

(1) sec. 1, ch. 16, SLA 2013, page 63, lines 24 - 26, and allocated on page 63, lines 27 - 30 (Department of Environmental Conservation, Municipal Water, Sewage, and Solid Waste Facilities Grants (AS 46.03.030), Fairbanks North Star Borough - Pioneer Park Sewer and Water Improvements - $983,250);

(2) sec. 1, ch. 16, SLA 2013, page 63, lines 24 - 26, and allocated on page 64, lines 11 - 12 (Department of Environmental Conservation, Municipal Water, Sewage, and Solid Waste Facilities Grants (AS 46.03.030), Palmer - Steel Water Main Replacement - $3,090,000);

(3) sec. 1, ch. 18, SLA 2014, page 51, lines 21 - 22, and allocated on page 51, line 33 to page 52, line 3 (Department of Environmental Conservation, Municipal Water, Sewage, and Solid Waste Facilities Grants (AS 46.03.030), Petersburg Wastewater System Improvements - $1,765,548).

**Reapprop for Adak Airport Maintenance and Operations - Est $742,604** | **FY2018 Request:** $0 | **Reference No:** 47702

**AP/AL:** Appropriation
**Project Type:** Life / Health / Safety
**Category:** Transportation
**Location:** Adak
**House District:** Bristol Bay/Aleutians/Upper Kuskokwim (HD 37)
**Impact House District:** Bristol Bay/Aleutians/Upper Kuskokwim (HD 37)
**Contact:** John Binder
**Estimated Project Dates:** 06/30/2018 - 06/30/2022
**Contact Phone:** (907)465-3900

**Brief Summary and Statement of Need:**
In 2003, the Department of the Navy transferred ownership of the Adak airport to the State. The state was given a $10.0 million for operating the airport with the understanding that no additional funds would be provided. The original $10.0 million is now exhausted and must be replaced by another funding source. This project, along with a corresponding FY2019 capital appropriation, will provide gap funding while the department engages with stakeholders to develop a strategic action plan for funding the airport in the future.

| Funding: | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|---|---|---|---|---|---|---|---|
| 1004 Gen Fund | | | | | | | $0 |
| 1102 AIDEA Rcpt | | | | | | | $0 |
| 1197 AK Cap Inc | | | | | | | $0 |
| Total: | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

**Operating & Maintenance Costs:**

| | Amount | Staff |
|---|---|---|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 900,000 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 900,000 | 0 |

**Prior Funding History / Additional Information:**
Sec1 Ch38 SLA2015 P6 L33 SB26 $742,800
Sec1 Ch15 SLA2009 P21 L7 SB75 $1,621,900
Sec57 Ch3 SLA2005 P135 L30 SB46 $8,799,155

**Project Description/Justification:**
* **Sec. 11. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.** (a) The unexpended and unobligated balances, estimated to be a total of $137,565, of the following appropriations are reappropriated to the Department of Transportation and Public Facilities for Adak Airport operations and maintenance:

(1) sec. 58(c), ch. 3, FSSLA 2005, page 136, line 25 (Alaska capital income fund, industrial roads - $3,300,000), estimated balance of $21,474; and

(2) sec. 13, ch. 29, SLA 2008, page 159, lines 9 - 11 (Department of Transportation and Public Facilities, Knik-Goose Bay Road, Fern Street improvements - $1,200,000), estimated balance of $116,091.

(b) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 17, SLA 2012, page 133, line 28, and allocated on page 133, lines 29 - 30 (Department of Transportation and Public Facilities, roads to resources, Ambler mining district - $4,000,000), estimated to be $22,744, is reappropriated to the Department of Transportation and Public Facilities for Adak Airport operations and maintenance.

(c) The unexpended and unobligated general fund balances, estimated to be a total of $582,295, of the following appropriations are reappropriated to the Department of Transportation and Public Facilities for Adak Airport operations and maintenance:

(1) sec. 1, ch. 3, FSSLA 2005, page 67, lines 15 - 16 (Department of Transportation and Public Facilities, statewide, airport lease lots development - $2,000,000), estimated balance of $35,825;

(2) sec. 1, ch. 3, FSSLA 2005, page 68, line 11, and allocated on page 68, lines 16 - 18 (Department of Transportation and Public Facilities, statewide federal programs, commercial vehicle enforcement program - $1,500,000), estimated balance of $300,000;

(3) sec. 4, ch. 3, FSSLA 2005, page 97, lines 20 - 21, and allocated on page 98, lines 19 - 22, as amended by sec. 33(c), ch. 29, SLA 2008, and by sec. 43(r), ch. 18, SLA2014 (Department of Transportation and Public Facilities, congestion, mitigation and safety initiative, Kodiak, Rezanoff Drive rehabilitation lighting and intersection safety improvements), estimated balance of $14,689;

(4) sec. 1, ch. 82, SLA 2006, page 107, line 12, and allocated on page 107, lines 32 - 33 (Department of Transportation and Public Facilities, transportation initiative, Kodiak, Pasagshak Road paving - $5,090,000), estimated balance of $7,951;

(5) sec. 1, ch. 30, SLA 2007, page 79, lines 16 - 19 (Department of Transportation and Public Facilities, Anchorage, Dowling Road extension/upgrade, Minnesota Drive to Abbott Loop Road - $5,000,000), estimated balance of $16,732;

(6) sec. 20(n), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, central region materials laboratory OSHA compliance - $977,000), estimated balance of $7,652;

(7) sec. 42(i), ch. 30, SLA 2007, as amended by sec. 41(d)(24), ch. 38, SLA 2015 (Department of Transportation and Public Facilities, grinding and repavement of Beaver Loop, Gaswell Road, Funny River Road, and Sterling Highway from Mackie Lake intersection to Soldotna), estimated balance of $32,271;

(8) sec. 4, ch. 29, SLA 2008, page 7, lines 15 - 17 (Department of Transportation and Public Facilities, Chignik Lagoon, airport safety improvements - $4,000,000), estimated balance of $4,776;

(9) sec. 10, ch. 29, SLA 2008, page 78, lines 31 - 33, as amended by sec. 32(a), ch. 16, SLA 2013 (Department of Transportation and Public Facilities, striping and marking performance improvements - $1,000,000), estimated balance of $13,365;

(10) sec. 13, ch. 29, SLA 2008, page 158, lines 29 - 32 (Department of Transportation and Public Facilities, Glacier Highway roundabouts and sidewalks, Fritz Cove Road to Harbor Drive - $750,000), estimated balance of $31;

(11) sec. 1, ch. 43, SLA 2010, page 3, line 26, and allocated on page 4, lines 12 - 14 (Department of Transportation and Public Facilities, highways and facilities, Southeast region headquarters, elevator installation - $450,000), estimated balance of $96,050;

(12) sec. 7, ch. 43, SLA 2010, page 37, lines 6 - 8 (Department of Transportation and Public Facilities, Nome State Office Building design and construction -$2,000,000), estimated balance of $34,526;

(13) sec. 1, ch. 5, FSSLA 2011, page 101, line 25, and allocated on page 101, lines 28 – 29 (Department of Transportation and Public Facilities, roads to resources, Ambler mining district - $1,250,000), estimated balance of $6,279;

(14) sec. 1, ch. 17, SLA 2012, page 132, line 32, through page 133, line 3 (Department of Transportation and Public Facilities, intersection improvements study, Caribou and Boniface - $100,000), estimated balance of $1,329;

(15) sec. 1, ch. 17, SLA 2012, page 133, lines 10 - 12 (Department of Transportation and Public Facilities, northern region material site reconnaissance - $250,000), estimated balance of $2,297;

(16) sec. 7, ch. 17, SLA 2012, page 167, lines 19 - 20 (Department of Transportation and Public Facilities, Chugiak, pedestrian safety improvements - $500,000), estimated balance of $5,162; and

(17) sec. 27(e), ch. 17, SLA 2012, (Department of Transportation and Public Facilities, traffic signal modifications at the intersection of the Parks Highway and Pittman Road), estimated balance of $3,360.

## Reapprop for the Commuter Rail Concept - Est $4,541,537

**FY2018 Request:** $0
**Reference No:** 61901

**AP/AL:** Appropriation
**Project Type:** Construction
**Category:** Transportation
**Location:** Matanuska Susitna Borough
**House District:** Matsu Areawide (HD 7-12)
**Impact House District:** Matsu Areawide (HD 7-12)
**Contact:** Mike Vigue
**Estimated Project Dates:** 06/30/2018 - 06/30/2022
**Contact Phone:** (907)465-4070

**Brief Summary and Statement of Need:**
The unexpended and unobligated balances of the appropriations made in sec. 10, ch. 29, SLA 2008, page 76, lines 25 - 26, as amended by sec. 16(b), ch. 38, SLA 2015 (Department of Transportation and Public Facilities, Glenn Highway rut repairs - $11,500,000) and sec. 1, ch. 18, SLA 2014, page 63, line 4, and allocated on page 63, lines 12 - 13, as amended by secs. 14(d) and 27(g) and (h), ch. 1, TSSLA 2017 (Department of Transportation and Public Facilities, economic development, Knik Arm Bridge project development), estimated to be a total of $4,541,537, are reappropriated to the Department of Transportation and Public Facilities for the commuter rail concept.

| Funding: | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|---|---|---|---|---|---|---|---|
| 1004 Gen Fund | | | | | | | $0 |
| Total: | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

**Operating & Maintenance Costs:**

| | Amount | Staff |
|---|---|---|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 0 | 0 |

**Prior Funding History / Additional Information:**

No prior funding history.

**Project Description/Justification:**
The purpose of this project is to study the feasibility, and subsequently design and construct a commuter rail link between Anchorage and the Matanuska-Susitna Valley. There exists tremendous opportunity in the development of a commuter rail system to complement other transportation modes in the region. An alternative means of transportation will benefit Matanuska-Susitna Valley commuters by reducing road deterioration, collisions and pollution caused by congestion, and by combating the rising cost of owning and operating an automobile.

With an alternative means of travel to and from Anchorage, as part of a greater transportation corridor plan, the symbiotic relationship between Anchorage and the Matanuska-Susitna Valley can be bolstered, increasing commerce, business, and employment throughout the economic region.
Allowable activities under this project include but are not limited to:

- Contracting with consultants to perform traffic studies, corridor planning, and other feasibility studies

- Acquisition of right of way
- Construction of rail lines, rail stations, and other infrastructure necessary to complete a commuter rail link
- Completion of work necessary to integrate the rail-link with other transportation modes

Pending the outcome of studies and engagement with stakeholders, the Department may distribute these funds to a borough or political subdivision for the design, right-of-way and construction phases of the project.

# Change Record Detail with Description (1440)

## Department of Commerce, Community, and Economic Development

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Banking and Securities (2808)
**RDU:** Banking and Securities (536)
**Title:** Financial Examiner I/II for Alaska Native Claims Settlement Act Filings and Support (ADN: 08-2018-0065)

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 103.4 | 88.4 | 0.0 | 15.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1 | 0 | 0 |
| 1005 GF/Prgm | | 103.4 | | | | | | | | | | |

Per AS 45.55.139, ANCSA corporations with 500 or more shareholders and over $1,000.0 in assets must file their annual reports, proxies, consents or authorizations, proxy statements, and other materials related to proxy solicitations with DBS. Shareholders of these ANCSA corporations are required to file proxy materials as well. DBS is also the agency that receives complaints or requests for investigations related to those filings.

A Financial Examiner I/II is needed to maintain service levels for ANCSA filings and requests for information. In FY2017, ANCSA candidate and corporate filings grew over 300% - from 399 in FY2016 to 1,212 in FY2017. Requests for investigations increased 62% - from 29 to 47. Requests for investigations (complaints) must be addressed within 10 days per regulation. The volume of filings and complaints is anticipated to continue at these higher levels.

Due to the significance of ANCSA filings and complaints and the required timelines, DBS has refocused examiners from other programs towards this work. However, this is not sustainable and is done at the detriment of other important programs. The division must timely process ANCSA corporate filings and respond to complaints within 10 business days. In order to be timely, the division currently reassigns workload to meet ANCSA corporations and individual candidates' filings and complaints. Without this position, the division would be forced to reduce resources tasked with examinations and enforcement activities for other programs including depository and non-depository institutions, securities firms and sales persons, mortgage lenders and originators, payday lenders, money transmitters, and loan entities. The division is required by statute to examine certain entities annually or every 18 months. Therefore, non-statutorily required routine and for cause examinations would be deferred or not pursued.

The division started assessing fees to ANCSA corporations midway through FY2016 to help cover the cost of regulation. In FY2017 (the first full year of fee assessment), $173.2 was collected from ANCSA corporations.

This position is included in the FY2019 budget development scenario.

# Change Record Detail with Description (1440)

## Department of Environmental Conservation

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Solid Waste Management (2344)
**RDU:** Environmental Health (207)
**Title:** Increase Program Receipt Authority

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 35.0 | 35.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1005 GF/Prgm | | 35.0 | | | | | | | | | | |

The Solid Waste Management program conducted a fee study in FY2017. Revised fee regulations have gone through public notice, review, and comment, and were enacted effective October 27, 2017. The Department anticipates revenue from the new fees will exceed general fund program receipt authority in the Division of Environmental Health by as much as $35.0 in FY2018. Solid Waste will need additional general fund program receipt authority or the program will have to reduce services and potentially lay off staff to meet a shortfall as a result of declining interagency receipt revenue.

The Division of Air Quality expects to under collect general fund program receipt authority in FY2018 due to fluctuations in the amount of Title I permit work from year to year. There will be sufficient available general fund program receipt authority for a $35.0 supplemental transfer from Air Quality to Solid Waste Management in FY2018 without impacting services to the public in Air Quality.

# Change Record Detail with Description (1440)
## Department of Environmental Conservation

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Air Quality (2061)
**RDU:** Air Quality (206)
**Title:** Decrease Program Receipt Authority

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | -35.0 | -35.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1005 GF/Prgm | | -35.0 | | | | | | | | | | |

The Solid Waste Management program conducted a fee study in FY2017. Revised fee regulations have gone through public notice, review, and comment, and were enacted effective October 27, 2017. The Department anticipates revenue from the new fees will exceed general fund program receipt authority in the Division of Environmental Health by as much as $35.0 in FY2018. Solid Waste will need additional general fund program receipt authority or the program will have to reduce services and potentially lay off staff to meet a shortfall as a result of declining interagency receipt revenue.

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# Change Record Detail with Description (1440)
## Department of Health and Social Services

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Front Line Social Workers (2305)
**RDU:** Children's Services (486)
**Title:** Public Assistance Cost Allocation Plan Amendment

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 6,500.0 | 4,000.0 | 0.0 | 2,500.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1002 Fed Rcpts | | 6,500.0 | | | | | | | | | | |

A recent amendment to the section of the Public Assistance Cost Allocation Plan (PACAP) covering the Office of Children's Services changes the allocation methodology for the Front Line Social Workers component, the largest personal services component within the Office of Children's Services budget. The estimated increase is associated primarily with the claiming for the Title IV-E foster care, adoption, and guardianship programs. The changes increase the federal claiming potential for indirect charges.

The large increases in federal share are from both the Title IV-E and Medicaid programs. Several changes associated with the Random Moment Sample (RMS) PACAP amendment resulted in a very robust federal claim;

The number of activity codes used for the RMS doubled to better capture the work being performed by protective service staff. The activities being performed are either directly charged to a federal/state program or have a cost allocation methodology assigned, such as the title IV-E foster care penetration rate.

The allocation methodology for Family Resource activities was changed from the Title IV-E foster care penetration rate to a Title IV-E blended rate. This allowed the division to charge both the Title IV-E adoption and guardianship programs, in addition to the IV-E foster care program. This resulted in an increase of approximately 5% federal share.

Four activities associated with training were approved and allowed the division to claim at the enhanced Title IV-E federal participation rate for all three IV-E programs of 75% instead of at 50%. This resulted in an estimated increase of federal share of approximately 1.15%.

RPL #06-2017-0716 provided the Office of Children's Services $6,500.0 federal authority in FY2017. A similar increment was included in the Governor's budget submitted December 15, 2017.

# Change Record Detail with Description (1440)

## Department of Health and Social Services

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Foster Care Base Rate (2236)
**RDU:** Children's Services (486)
**Title:** Decline in Child Support Payment Collections

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 1,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1,000.0 | 0.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 1,000.0 | | | | | | | | | | |

The Child Support Services Division (CSSD) within the Department of Revenue has seen declining collections of child support, as a result child support payments to the Office of Children's Services has also declined. When child support is collected by the state, past debts of the payer are paid prior to any money being transferred to OCS. For example, if a parent owed another parent child support when children were removed, any funds collected by CSSD would first pay off the debt to the other parent prior to paying OCS.

Additionally OCS has experienced a slight decreased in the number of social security beneficiaries in state custody and the processing time the Social Security Agency takes to complete a payee change from the existing payee to the state has increased. Social Security payments issued during the processing time go to the existing payee, not the state resulting in reduced social security revenue to the state.

These two factors have resulted in a significant reduction in collection of general fund program receipt to the division. The division budget relies on $5,600.0 annually in receipts, in FY2016 collections were $4,456.0, in FY2017 they declined to $4,026.8. FY2018 collections to date are approximately 20% lower than this time last year. The division is no longer able to absorb these costs within existing appropriations and requires additional authority to cover the shortfall.

# Change Record Detail with Description (1440)
## Department of Health and Social Services

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Foster Care Special Need (2238)
**RDU:** Children's Services (486)
**Title:** FY2017 Special Need Payments Made in FY2018

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 2,895.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,895.7 | 0.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 2,895.7 | | | | | | | | | | |

OCS deferred FY2017 obligations into FY2018 in the amount of $2,895.7. Deferred payments include those made for children's medical needs, clothing, and food. Additional authority will allow Foster Care Special Needs to provide services to children and families and avoid deferring payments from FY2018 into FY2019.

This is a one-time increment.

# Change Record Detail with Description (1440)

## Department of Health and Social Services

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Alaska Temporary Assistance Program (220)
**RDU:** Public Assistance (73)
**Title:** Temporary Assistance for Needy Families Maintenance of Effort

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 2,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,000.0 | 0.0 | 0 | 0 | 0 |
| 1003 G/F Match | | 2,000.0 | | | | | | | | | | |

Between FY2014 and FY2018 the Alaska Temporary Assistance Program (ATAP) component unrestricted general fund appropriation has been reduced a total of $11,072.6. The maintenance of effort (MOE) for the Temporary Assistance for Needy Families (TANF) program, mandated by the Federal Government, is primarily met by the expenditures within ATAP. The state received notification of penalty for failure to meet the MOE obligation for federal fiscal year 2017, Oct 2016 - Sept 2017.

The department has made efforts to utilize expenditures from other sources in order to meet the MOE requirements, these efforts have not been successful. This supplemental request will assist the department in meeting federal requirements however there is still risk that the MOE will not be met and further federal penalties will be issued.

# Change Record Detail with Description (1440)
## Department of Revenue

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** APFC Investment Management Fees (2310)
**RDU:** Alaska Permanent Fund Corporation (45)
**Title:** Investment and Custody Fees

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | Suppl | 5,000.0 | 0.0 | 0.0 | 5,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 |
| 1105 PFund Rcpt | | 5,000.0 | | | | | | | | | | |

Currently valued at more than $64 billion, the Alaska Permanent Fund has grown significantly over the past 18 months. The projection of and budget for external manager fees is prepared based on the market value of assets under management and forecasted returns. Strong markets have produced growth in the Permanent Fund's externally managed portfolios that exceeded the projections used for the FY18 budget.

The FY18 appropriation for external manager fees is $125.8 million and current projections indicate that APFC will pay $123.6 million in manager fees. Unanticipated market performance or manager changes could cause the actual amount of fees paid to exceed projections. As a prudent course of action, the Board of Trustees authorized APFC staff to pursue a FY18 supplemental budget request of $5,000,000 for the Investment Management Fee allocation to ensure that APFC has sufficient funds to meet our contractual obligations.

Any funds that are requested and not expended will lapse at the close of the fiscal year and will remain in the Permanent Fund.

# Change Record Detail with Description (1440)
## Special Appropriations

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Alaska Comprehensive Insurance Program (3147)
**RDU:** Alaska Comprehensive Insurance Program (657)
**Title:** Payment from Premera to the Reinsurance Program

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | PPT | NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | -25,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -25,000.0 | 0.0 | 0 | 0 | 0 |
| 1248 ACHI Fund | | -25,000.0 | | | | | | | | | | |

Section 27 (g), Chapter 1, SSSLA 2017, is amended to read:
(g) The sum of [$55,000,000] $30,000,000 is appropriated from the Alaska comprehensive health insurance fund (AS 21.55.430) to the Department of Commerce, Community, and Economic Development, division of insurance, for the calendar year 2017 reinsurance program under AS 21.55 for the fiscal years ending June 30, 2017, and June 30, 2018.

As a direct result of the success of the Alaska Reinsurance Program (ARP), in November 2017 Premera announced that it was reimbursing $25 million to the program. The contribution was deposited with the Alaska Comprehensive Health Insurance Association (ACHIA), which manages the ARP via a grant from the Division of Insurance. As a result of Premera's refund, grant billings from ACHIA for the calendar year 2017 ARP (chapter 1, SSSLA 2017, page 102, line 11) will be $30 million instead of $55 million. To reflect the reduced need, $25 million is removed from the existing multi-year appropriation for calendar year 2017.

# Change Record Detail with Description (1440)
## Fund Capitalization

**Scenario:** FY2018 Supplemental Jan29 (14823)
**Component:** Disaster Relief Fund (2497)
**RDU:** Fund Capitalization (no approp out) (608)
**Title:** Disaster Relief Funding

| Language | Trans Type | Totals | Personal Services | Travel | Services | Commodities | Capital Outlay | Grants, Benefits | Miscellaneous | Positions PFT | Positions PPT | Positions NP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | Suppl | 2,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,000.0 | 0 | 0 | 0 |
| 1004 Gen Fund | | 2,000.0 | | | | | | | | | | |

The sum of $2,000,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300(a)).

This increase is needed due to the low balance of the disaster relief fund and the estimated amount needed for spring 2018 disasters.

A disaster is defined in AS 26.23.900 to mean the occurrence or imminent threat of widespread or severe damage, injury, loss of life or property, or shortage of food, water, or fuel resulting from an incident such as a storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, avalanche, snowstorm, prolonged extreme cold, drought, fire, flood, epidemic, explosion, or riot; the release of oil or a hazardous substance if the release requires prompt action to avert environmental danger or damage; equipment failure if it is not predictably frequent or recurring, or preventable by adequate maintenance or operation; enemy or terrorist attack, or a credible threat thereof; outbreak of disease or a credible threat thereof.

Sufficient general fund authority of $2,000,000 currently exists in the FY2019 budget. This amount may need to be increased depending on actual disasters and the use of the disaster relief fund.

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Health and Social Services
FINANCE AND MANAGEMENT SERVICES
Juneau Office

P.O. Box 110650
Juneau, Alaska 99811-0650
Main: 907.465.3082
Fax: 907.465.2499

**DATE:** January 28, 2018

**TO:** Neil Steininger, Chief Budget Analyst
Office of Management and Budget

**FROM:** Shawnda O'Brien SO
Assistant Commissioner

**SUBJECT:** FY2016 Shortfall and Supplemental Ratification Request

The Department of Health and Social Services requests the following prior year supplemental ratifications.

In FY2016 the State of Alaska implemented a new accounting system, IRIS. This first year in the new system presented significant challenges to understand and use the system appropriately and account for expenditure and revenue detail in a manner that would prevent shortfalls.

| RDU | Component | Description | General Funds | Total Funds |
|---|---|---|---|---|
| AKPH (H001) | Pioneer Homes (H017) | Shortfall associated with uncollected revenue | $467,693.27 | $467,693.27 |

The Alaska Pioneer Homes under-collected revenues in the Pioneer Homes Component in the following fund sources based on actuals posted in IRIS as of January 26, 2018:

| | |
|---|---|
| Program Receipts | $134,258.82 |
| Interagency Receipts | $422,168.02 |
| Statutory Designated Program Receipts | $321,621.96 |
| **Total** | **$878,048.80** |

There were balances remaining in General Funds and General Fund Mental Health for both Alaska Pioneer Homes Management and Pioneer Homes in the amount of $410,652.53. This brings the overspent amount down to $467,396.27 for the fiscal year ending 2016.

| RDU | Component | Description | General Funds | Total Funds |
|---|---|---|---|---|
| Public Health (H007) | Several Components | Shortfall associated with uncollected revenue | $1,350,310.26 | $1,350,310.26 |

The Division of Public Health under-collected revenues in the following components in the following fund sources based on actuals posted in IRIS as of January 26, 2018:

| | |
|---|---|
| Community Health Grants | |
| Federal Receipts | $41,786.50 |
| Health Planning and Systems Development | |
| Program Receipts | $109,368.56 |
| Interagency Authority | $23,254.28 |
| Nursing | |
| Federal Receipts | $651,987.58 |
| Program Receipts | $21,426.81 |
| Women Children and Family Health | |
| Federal Receipts | $364,074.00 |
| General Funds | $411,451.35 |
| Interagency Receipts | $12,578.16 |
| Statutory Designated Program Receipts | $8,275.90 |
| Public Health Administration | |
| Federal Receipts | $41,807.00 |
| General Funds | $182,429.90 |
| Emergency Programs | |
| Federal Receipts | $1,011,839.70 |
| General Funds | $130,425.22 |
| Interagency Receipts | $8,683.75 |
| Chronic Disease Prevention and Health Promotion | |
| Federal Receipts | $920,608.33 |
| General Funds | $897,842.30 |
| Interagency Receipts | $12,656.89 |
| Epidemiology | |
| Federal Receipts | $655,344.56 |
| General Fund Match | $34,242.00 |
| Interagency Receipts | $212,944.70 |
| Medical Examiner | |
| Interagency Authority | $265.85 |
| Public Health Labs | |
| Federal Receipts | $1,040,824.39 |

| | |
|---|---|
| General Fund | $346.95 |
| Statutory Designated Program Receipts | $118,746.94 |
| **Total** | **$7,608,590.32** |

The total reflected is offset by balances in several of the funding sources in each component either in the amount of $6,258,280.06. This brings the overspent amount down to $1,350,310.26 for the fiscal year ending 2016.

| RDU | Component | Description | General Funds | Total Funds |
|---|---|---|---|---|
| Medicaid Services (H012) | Health Care Services Medicaid | Shortfall associated with federal reporting disallowances | $8,715,670.72 | $8,715,670.72 |

The primary cause of the shortfall is due to the delayed fixes to MMIS defects and re-processing of claims. The fiscal agent, Conduent (formerly XEROX) was unable to provide the department estimates of the amounts of re-processed claims they were re-processing in the quarter being reported.

The majority of re-processed claims occurred during the last half of FY2016 and the adjustments associated with claims from FY2014 and part of FY2015 were processed outside the eight quarter federal reporting rules and were disallowed by the Centers for Medicare and Medicaid Services (CMS). On September 30, 2015, a request for a good faith claiming waiver had been submitted by the department in anticipation this may occur and followed up with a second request on August 31, 2016. CMS approved the good faith waiver requests in December 12, 2016 and all of the disallowed claims were submitted in FY 2017.

Due to federal reporting rules the claimed revenues were not posted to the state FY2016 due to approval from CMS being received in FY2017. Thereby creating a shortfall in general funds in FY2016.

| RDU | Component | Description | General Funds | Total Funds |
|---|---|---|---|---|
| Capital Requests | H264 – Mental Health Housing FY2010 | Shortfall associated with funding disallowances | $8,824.49 | $8,824.49 |
| | H260 – Mental Health Home Modification and Upgrades to Retain Housing FY2011 | Shortfall associated with funding disallowances | $7,355.06 | $7,355.06 |
| | HUBC – Unbudgeted Capital RSA's | Error in posting revenues due to conversions to IRIS | $300,310.83 | $300,310.83 |

Several capital appropriations experienced shortfalls associated to funding allowances and conversion issues when the department transitioned to IRIS. Usual funding sources for the Mental Health Housing and the Mental Health Home Modification and Upgrades to Maintain Housing programs general fund mental health and MHTAAR funding but for this appropriation we received AHFC dividends instead.

A small percentage of every capital appropriation is used to fund the Facilities Section operating costs, which is not allowed by the funding received from AHFC.

The unbudgeted RSA's were overspent due to conversion issues with the IRIS in the first year of implementation and when they were identified by the agency it was past the timeframes in which they could be corrected.

If you have any additional questions please contact me directly at 465-1630.

CC: Valerie Nurr'araaluk Davidson, Commissioner
Jon Sherwood, Deputy Commissioner
Karen Forrest, Deputy Commissioner
Jay Butler, State Medical Officer
Marian Sweet, Deputy Director, Finance and Management Services

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Public Safety

DIVISION OF ADMINISTRATIVE SERVICES
Office of the Director

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Anchorage, Alaska 99507-1225
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# Memorandum

To: Torrey Jacobson, Program Budget Analyst IV
Office of Management and Budget

From: Kelly Howell, Director KH
Division of Administrative Services

Date: January 24, 2018

Subject: Ratification Request, ADN 12-2018-3032

The Department of Public Safety (DPS) is requesting a Ratification to clear a revenue shortfall of $4,304,930 in AR 47863-13. This revenue shortfall was a result of withholding of payment under a reimbursable service agreement (RSA) pending the outcome of a federal review/audit.

The RSA was between the Department of Public Safety (DPS – servicing agency) and the Department of Transportation & Public Facilities' (DOT&PF) Alaska Highway Safety Office (AHSO – requesting agency) and involved grants using federal funds from the National Highway Traffic Safety Administration (NHTSA) for driving under the influence (DUI) enforcement activities conducted by the DPS Alaska Bureau of Highway Patrol.

AHSO approved the activities as outlined in DPS' grant applications. These activities were the subject of a NHTSA management review in 2011 with NHTSA identifying the grants awarded by AHSO to DPS for 2009 – 2011 as potentially ineligible due to lack of documentation and questionable activities, which DPS disagreed with. Nevertheless, NHTSA informed DOT&PF and DPS that they would not reimburse for activities under the grants while their management review was being negotiated and finalized.

In 2014 NHTSA determined that the State of Alaska was liable for the 2009 and 2010 reimbursements on the DPS grants and their Office of Chief Counsel initiated collection efforts through the US Department of Justice targeting the DOT&PF AHSO. Through negotiations between the DOT&PF Deputy Commissioner, DOT&PF Director of Program Development and the Alaska Attorney General's office, a settlement was reached that required DOT&PF to commit and expend $2.1 million of state general funds to stand up a new program in lieu of repaying the 2009 and 2010 grant funds (in excess of $6 million). This $2.1 million came out of the existing DOT&PF Capital Budget.[1]

[1] The information in this paragraph was provided by AHSO Manager, Tammy Kramer.

In 2016, DOT&PF informed DPS that NHTSA declined to reimburse the State of Alaska for these expenditures and there were no available and eligible funds to reimburse DPS. Therefore, a Ratification in the amount of $4,304,930 is needed to address the prior year expenditures that were made by DPS in good faith under the RSA for which DOT&PF will not be reimbursing.

Cc: Walt Monegan, DPS Commissioner
Colonel Hans Brinke, AST Director
Cassidy Kearney, DPS Budget Manager
Bel Liberty, DPS Finance Officer

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UNIVERSITY of ALASKA
Many Traditions One Alaska

Statewide Strategy, Planning & Budget
PO BOX 755260
Fairbanks, AK 99775-5260

December 22, 2017

Ms. Pat Pitney, Director
Office of Management and Budget
P.O. Box 110020
Juneau, AK 99811

Re: FY2018 Supplemental Request

Dear Ms. Pitney:

The University of Alaska (UA) is requesting an FY2018 supplemental necessary to implement the monetary terms of agreements reached with United Academics, AAUP/AFT (UNAC) and Fairbanks Firefighters Union, IAFF 1324 (FFU) post passage of the FY2018 operating budget.

Please include UNAC and affirm FFU in a "SALARY AND BENEFIT ADJUSTMENTS" section (see below). No additional appropriation is required to implement the monetary terms of these agreements.

FY2018 Operating Budget bill (CCS HB57; SSSLA 2017 Chap 1, Sec 42)
* Sec. 42. SALARY AND BENEFIT ADJUSTMENTS.
(b) The operating budget appropriations made to the University of Alaska in sec. 1 of this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2018, for university employees who are not members of a collective bargaining unit and to implement the terms for the fiscal year ending June 30, 2018, of the following collective bargaining agreements:
(1) University of Alaska Federation of Teachers (UAFT);
(2) Alaska Higher Education Crafts and Trades Employees, Local 6070;
<u>(3) Fairbanks Firefighters Union, IAFF Local 1324;</u>
(4) United Academic - Adjuncts - American Association of University Professors, American Federation of Teachers;
<u>(5) United Academics, AAUP/AFT (UNAC).</u>

Please let me know if you have any questions or need additional information.

Sincerely,

Michelle Rizk