



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
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February 7, 2025

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

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

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

Dear Co-Chairs Hoffman, Stedman, and Olson,

Thank you for inviting the Office of Management and Budget (OMB) to present an overview of the Governor's FY2026 Budget to the Senate Finance Committee on January 27, 2025. This letter completes the responses to questions and requests for follow-up information from this hearing. All of the dollar figures presented in this document are in thousands unless otherwise noted.

1. How much of the amount requested for State Retirement Payments goes towards the unfunded liability?

In regard to the State Retirement Payments appropriation, 100 percent of the \$218,718.0 goes towards the unfunded pension liability.

2. What is the cost of the top five employees at the Alaska Gasline Development Corporation (AGDC) and Alaska Industrial Development and Export Authority (AIDEA) (salaries & benefits)?

The below table provides the salaries and benefits for the top five positions within AGDC and AIDEA. Note, the AGDC component has only four permanent full-time positions.

Alaska Gasline Development Corporation (AGDC)

Title	Salary	Benefits	Total
President	425.6	172.2	597.8
Director, Administrative Services	198.6	107.8	306.4
Accounting and Contracts Admin	120.7	82.0	202.7
Project Engineer	99.9	54.5	154.4
			<u>1,261.3</u>

Alaska Industrial Development and Export Authority (AIDEA)

Title	Salary	Benefits	Total
CEO/Executive Director	307.7	137.1	444.8
Chief Investment Officer	228.2	110.8	339.0
Chief Financial Officer	225.9	110.0	335.8
Chief Operating Officer	220.2	108.1	328.3
Chief Lending Officer	217.4	107.2	324.5
			<u>1,772.5</u>

3. How much is invested in subsistence? Provide a detailed breakdown of the subsistence budget. How do the investments in other areas of the Department of Fish and Game (DFG) impact subsistence?

Subsistence investments are in the Subsistence Division, Divisions of Commercial Fisheries, Sport Fisheries, and Wildlife Conservation. A detailed breakdown of the Division of Subsistence's budget would not accurately reflect the State's investment but is attached (Enclosure A – Subsistence Budget Breakdown - final.pdf). Below are what each division contributes directly to subsistence; this does not include the indirect costs associated with management of the awards, processing payroll, etc.

Subsistence:

The Division of Subsistence has an annual budget of roughly \$7.5 million, of which less than half is unrestricted general funds. The division fulfills its mission, mandated by Alaska Statute 16.05.094, to conduct studies to gather information from residents of communities throughout Alaska on all aspects of the role of subsistence hunting and fishing in the lives of residents by conducting research in collaboration with community entities, regional non-profits, agencies, various local and tribal governments, as well as in partnership with our sister divisions within DFG. Most of the projects throughout the state are partnerships. Some of the current partners include the National Oceanic and Atmospheric Association, Bureau of Ocean and Management, U.S. Forest Service, University of Alaska Fairbanks, Tanana Chiefs Conference, Bristol Bay Native Association, Chugach Regional Resources Commission, Sitka Tribe of Alaska, Alaska Migratory Bird Co-Management Council, Center for Alaska Native Health Research, the cities of Tenakee Springs, Pelican, and Gustavus, as well as a variety of communities and tribes throughout the state.

Commercial Fisheries:

Managing Alaska's fishery resources for sustained yield is the Division of Commercial Fisheries' (DCF) highest priority. For fish stocks where a harvestable surplus exists, the division's highest priority is ensuring subsistence needs are met. The DCF uses data obtained from research and stock assessment projects to ensure they are meeting the sustained yield mandate and subsistence priority. Projects that contribute to management of subsistence fisheries include fish counts, stock assessments, estimates of fish abundance, harvest surveys, catch summaries, and research related to biology of various fish stocks. These projects also ensure that commercial and personal use fisheries are managed in accordance with sustained yield principles. Projects that touch on management of subsistence fisheries comprise roughly half of the division's \$88 million budget and uses multiple funding sources.

Sport Fish:

The Division of Sport Fish (DSF) directly manages subsistence fisheries in the Glennallen Subdistrict salmon fishery (unrestricted general funds) and several other small fisheries across the state. The DSF funding sources, such as Fish & Game and Dingell Johnson funds, cannot be used to directly manage a subsistence-only fishery. However, many of the division's stock assessment and research projects for salmon and resident fish species provide critical data for managing sport, personal use, and subsistence fisheries. This supports the subsistence priority and helps sustain fish populations, indirectly benefiting subsistence fisheries statewide, particularly in the Arctic Yukon Kuskokwim (AYK) Region.

Without these assessment projects, fisheries, including subsistence fisheries, would likely face restrictions or closures. Depending on the stock assessment projects conducted each year, the DSF allocates an estimated \$2 to \$4 million of its annual budget (approximately five to 10 percent of the overall budget) to initiatives that benefit subsistence and sustain yield priority.

Wildlife Conservation:

The Division of Wildlife Conservation (DWC) manages hunting and trapping opportunities in the state, which includes subsistence. The DWC supports DFG's subsistence services through a variety of federal grants. The following is a list of subsistence-related projects federally funded through the DWC: Emperor goose harvest and management in Alaska; Socio-Economic Characterization of bird harvests in rural Alaska; and Investigating the human dimensions of migratory and game bird harvests and ceremonial harvest of game populations in Alaska. Within the DWC Marine Mammals Program, research is conducted to monitor the health and status of marine mammal species important for sustainable subsistence harvests. Research projects range from health and disease assessments, abundance surveys, harvest monitoring, and traditional knowledge documentation. This work occurs in partnership with coastal communities of Alaska from Kaktovik to Dillingham. The program spends roughly \$1.9 million annually on these projects. The DWC's Threatened, Endangered, and Diversity Program provides input to setting the regulatory framework for subsistence uses of seabirds and shorebirds through the Alaska

Migratory Bird Co-Management Council and the Pacific Flyway's Nongame Technical Committee. The majority of the DWC's core work and responsibilities are associated with subsistence. The division is charged with providing opportunities to utilize wildlife resources, and to ensure sustainability and a harvestable surplus of wildlife resources. In fulfilling these core services, the DWC is directly involved with the majority of subsistence use of wildlife in the State of Alaska. The division also provides education services across the state to encourage new generations of hunters and support good hunting practices, as well as safety.

4. Regarding the 988 call center that started in the prior fiscal year, how that was funded and why is this funding request coming now?

The call center has been in operation for over 20 years and has answered Suicide Prevention Lifeline (now 988) calls since the Lifeline began. The current call center contract started in 2022 and ends June 30, 2025. The Department of Health will issue a request for proposals for a new contract. There has been an increase in Alaskans utilizing the call center in recent years as it is a number that is easier to remember, along with statewide and national media campaigns. In recent years, the contract has partly been supported with American Rescue Plan Act federal grants and other federal grants, which are expiring. The \$1,500.0 (\$750.0 UGF; \$750.0 Other) for this request is needed to maintain current services.

5. What is being done to make it easier for Alaskans, especially rural Alaskans, to get a Commercial Driver's License (CDL). What can or is being done to provide assistance to Alaskans to get them to work on the Slope as Operating Engineers, which includes Mechanics and Operators?

The Division of Employment and Training Services (DETS) and the Alaska Workforce Investment Board (AWIB) provide financial assistance to Alaskans for them to obtain the training and credentials they need to meet their career goals. This includes providing support to training providers; covering the cost of the actual CDL and Mechanic and Operator training; covering the cost to travel to take the CDL test; and covering the cost for an individual to relocate to take a job on the Slope or elsewhere. In FY2024, the DETS provided over \$2.9 million in support to 377 Alaskans seeking a CDL and nearly \$300.0 in support to 28 Alaskans seeking to be Operating Engineers. The AWIB has provided State Training and Employment Program (STEP) and Technical Vocational Education Program (TVEP) funded grants to 13 training providers who are providing CDL and/or mechanical training opportunities.

The main challenge with providing CDL training and testing in rural Alaska is that most rural areas do not meet the road requirements for a CDL test. That said, training providers are actively working to make the obtaining of a CDL easier for Alaskans. For example, Mining and Petroleum Training Services (MAPTS) is working with AKA Hauling to offer a side-by-side CDL training with their Heavy Equipment (HE) program where the students will receive training for both and then stay an additional two days after completing the HE

program to take the CDL test. AKA Hauling has worked to make a CDL compliant road in King Salmon so Alaskans in the area can be tested locally. Additionally, Northern Industrial Training (NIT) contracts with communities to provide training in the home community and testing in Anchorage.

The Alaska Vocational Technical Education Center (AVTEC) provides mechanic training through our Diesel/Heavy Equipment Technology program, preparing students for careers as diesel technicians, equipment mechanics, and related fields. Currently, each class trains 10 students per term, though historically, class sizes have been as high as 15 students.

Expanding the Diesel/Heavy Equipment Technology program to increase student capacity would require:

- An additional instructor position to support a larger student load.
- Additional training engines (an estimated five more engines would allow for a more effective expansion).
- Consideration of dorm space constraints, especially with the planned increase in Industrial Electricity (IE) and Plumbing & Heating (P&H) students.

The AVTEC does not currently offer CDL training due to the lack of immediate access to complex road conditions necessary for comprehensive training and testing. Integrating CDL training within the AVTEC's existing Diesel/Heavy Equipment Technology program is something that has been discussed and is possible. Such an expansion would require careful planning and additional resources, including:

- A CDL-qualified instructor (currently, only one staff member holds a CDL, but does not teach in this area).
- Appropriate training vehicles (potentially two trucks) and a designated storage space, which AVTEC currently lacks.
- A compliant training site with road access suitable for CDL instruction.
- Approval and curriculum development, which would take time—likely extending implementation into FY2027.

The AVTEC is eager to provide vocational training wherever there is a need. While challenging to implement a new program, a CDL training is an area that could be explored if additional resources and infrastructure became available.

6. How many Village Public Safety Officer (VPSO) positions are filled? What is the turnover rate for that?

As of January 29, 2025, there are 86 VPSOs employed by the grantees, making the vacancy zero. The turnover rate for FY2025 is 18.4 percent.

7. Is the service area for the new Talkeetna post in an organized borough?

Yes, the service area for the new Talkeetna post falls within the Matanuska-Susitna Borough. While second-class boroughs in Alaska may adopt police powers with voter

approval, the Matanuska-Susitna Borough has not done so and does not operate a law enforcement agency.

8. Provide a breakdown of the pay for the staff that maintains the roads and highways?

The published salary schedules, https://doa.alaska.gov/dof/payroll/sal_sched.html, provides specific wage rates by union, geographical differential, range, and step. The maintenance stations throughout the state are staffed with the job titles and ranges listed in the table below. Another variation of wages can include overtime increasing that wage per employee.

JOB TITLE	RANGE
Equipment Operator, Subjourney 1	58
Equipment Operator, Subjourney 2	56
Equipment Operator, Journey 1	54
Stock & Parts Services 3	54
Equipment Operator, Journey 2	53
Equipment Operator, Journey 3	52
Equipment Operator Foreman 1	51
Maintenance Specialist, Electrician, Journey 2	51
Equipment Operator Foreman 2	50
Maintenance Specialist, Building/Facility/Construction, Foreman	50
Maintenance Specialist, Traffic Control & Electric System, Foreman	50
Rural Airport Foreman	49

9. Does the right of way clean-up increment include the dilapidated structures and roads by Mt. Edgecumbe High School (in Sitka)?

The Department of Transportation & Public Facilities right-of-way does not operate the street where Mt. Edgecumbe High School is located.

The right-of-way one-time-item increment is not necessarily for Central Region only. The change record does specify, “The department will focus on critical areas across the state where encampments have posed ongoing challenges. A contracted service approach ensures cost-effective, specialized work in compliance with safety and environmental standards. The contractors will perform site assessments, secure the necessary permits, and ensure the proper disposal of waste and hazardous materials.”

10. What is the cost of shutting down the Alaska Gasline Development Corporation (AGDC), both operating and capital?

The AGDC’s total FY2026 Governor’s operating budget is \$5,730.7, of which \$2,487.5 is UGF and \$3,243.2 is Other (AGDC-LNG). There are a total of four permeant full-time

positions within AGDC. In addition, there is one FY2026 capital budget item of \$4,200.0 UGF for Phase 1 of the Gasline Project Development.

The AGDC's total FY2026 operating and capital budgets are \$9,930.7, all funds.

In the event the Alaska Liquefied Natural Gas Pipeline (AK-LNG) project was not continued, AGDC would use the FY2026 operating budget to shut down. This would include completing an evaluation of all leases, permits, and licenses and providing a report on which items could be extended or expired, and the cost associated with any maintenance fees.

11. For the Pilatus, what percentage of maintained runways is that plane able to land at?

The Pilatus would be able to land at 96 percent of the 215 maintained runways in Alaska, including gravel runways.

12. What is the status of the IT class study? What is the timeline for implementation? Aside from the salary study, what other class/salary studies are being done?

The IT job class study was conducted by the Division of Personnel and class specifications for new and updated IT job classes have been completed. Some of the updated IT job classes were used as benchmark jobs in the statewide salary study. Given the breadth of the IT job class study and the active statewide salary study, the administration will consider statewide salary study findings prior to implementing changes to the IT job classes.

Job class studies performed by the Division of Personnel are a routine part of maintaining the Classification and Pay Plan and may occur when the job class specifications are outdated because of extensive reorganization or redistribution of work, substantial increases or decreases in the workload, and/or changes in the nature or level of assignments and responsibilities. Active job class studies being performed by the Division of Personnel include: IT study, Park Rangers, Superintendents, and Specialists; Disability Adjudicators; Human Rights Field Representatives, ACFR Accountants; Executive Administrators of the Board of Architects, Engineers, and Land Surveyors and the Real Estate Commission; Community Care Licensing Specialists; and Vocational Rehabilitation Assistant.

Salary reviews are more limited in scope than a job class study and may be requested when the class specification accurately describes the duties/responsibilities of the job class, but the agency believes the salary range is not accurate. Internal salary reviews conducted by the Division of Personnel are currently on hold pending completion of the statewide salary study, which takes external market data into consideration.

13. Is the AMHS bargaining unit in the salary study?

For the salary study as related to AMHS, the State Personnel Act (AS 39.25.110 (16)) places masters and members of the crews of the AMHS vessels in the exempt service. Accordingly, these job classes are exempt from the State's classification and pay plan.

The statewide salary study focused on job classes in the Executive Branch in the classified and partially exempt services. The screenshot below shows ferry system administrative positions in the classified service that were included as benchmark jobs for the statewide salary study.

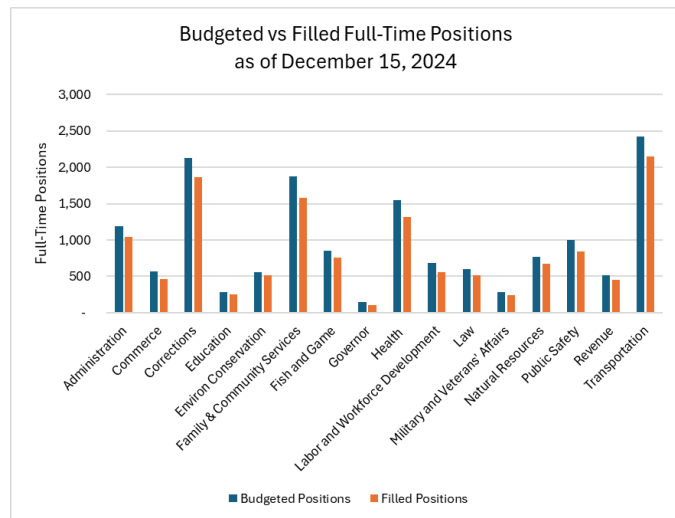
	PD06	Ferry System Administration			
137	PD0611	Ferry Terminal Agent 1	13	41	39
138	PD0615	Ferry Terminal Manager 1	15	9	8
139	PD0620	AMHS Dispatch Manager	18	1	
140	PD0632	Reservation Call Center Supervisor	16	1	1
141	PD0639	Marine Traffic Manager	23	1	1
142	PD0642	Marine Pilot Coordinator	20	1	1
143	PD0643	Vessel Scheduling Coordinator	17	1	1
144	PD0644	Passenger Services Inspector	17	2	2
			18	Rev. 6/23	
STATE OF ALASKA – REQUEST FOR PROPOSALS			RFP 2024-0200-0142/ 02-111-24 STATEWIDE SALARY STUDY		
145	PD0646	AMHS Passenger Services Manager	23	1	1
146	PD0653	Port Captain	23	3	1
147	PD0655	Port Engineer	22	2	1
148	PD0656	AMHS Safety Management Coordinator	19	1	1
149	PD0669	Marine Engineering Assistant Manager	23	1	
150	PD0670	Marine Transportation Services Manager	25	3	3

14. Why are there more filled versus budgeted positions in the Department of Fish and Game (DFG) and the Department of Natural Resources (DNR)?

In the table and graph on budgeted versus filled full-time positions provided on slide 15 of the presentation, the DFG and DNR each showed more filled than budgeted positions. This was because of how the data pulled from the IRIS system into the Alaska Budget System and part-time positions inadvertently being counted in the full-time total.

The below table and graph correct the filled full-time information.

Department	Budgeted Positions	Filled Positions
Administration	1,193	1,040
Commerce	567	458
Corrections	2,123	1,863
Education	281	247
Environ Conservation	556	519
Family & Community Services	1,870	1,578
Fish and Game	849	754
Governor	147	107
Health	1,552	1,314
Labor and Workforce Development	682	557
Law	602	515
Military and Veterans' Affairs	283	245
Natural Resources	767	668
Public Safety	1,003	838
Revenue	519	448
Transportation	2,426	2,145
Total	15,420	13,296



Please contact my office if you have further questions.

Sincerely,

Lacey Sanders

Lacey Sanders
Director

Enclosure

cc: Alexei Painter, Director, Legislative Finance Division
Jordan Shilling, Legislative Director, Office of the Governor