

Fiscal Year 2027 Governor's Budget Overview

House Finance Committee



Presented by:

John Crowther, Commissioner-designee

Brent Goodrum, Deputy Commissioner

February 6, 2026





Overview

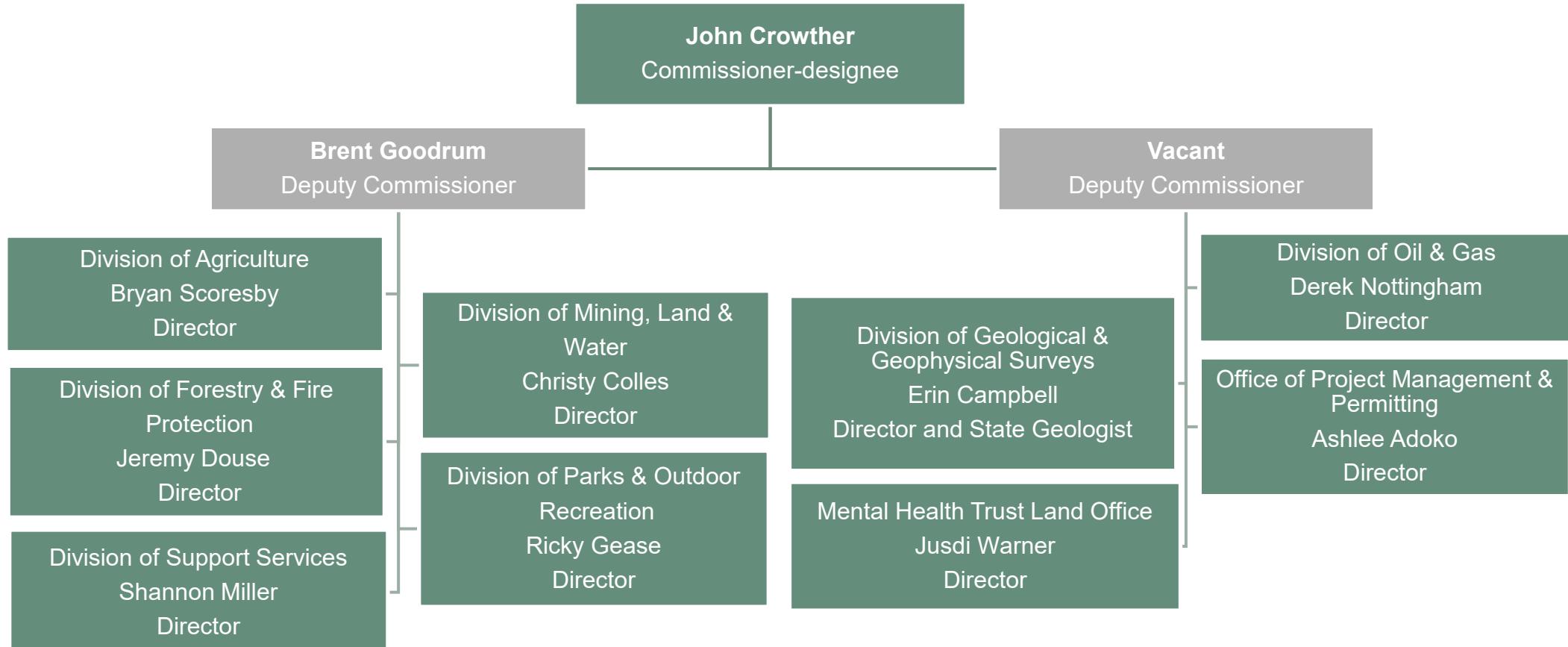
- The Department of Natural Resources' (DNR) mission is to develop, conserve and maximize the use of Alaska's natural resources consistent with the public interest
- DNR manages all state-owned land, water and natural resources, except for fish and game, on behalf of the people of Alaska
- Organized into seven divisions and two offices reflecting major programs; synergies advance resource and land development
- Major priorities for Fiscal Year (FY) 2027:
 - Translate data and market forces into exploration and economic activity
 - Culture and retention
 - Statehood entitlement transfers
 - Proactive and coordinated disaster response
 - Cooperative and efficient permitting with federal agencies



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Organizational Chart



DNR FY2027 Operating Budget Comparison



(\$ in thousands)

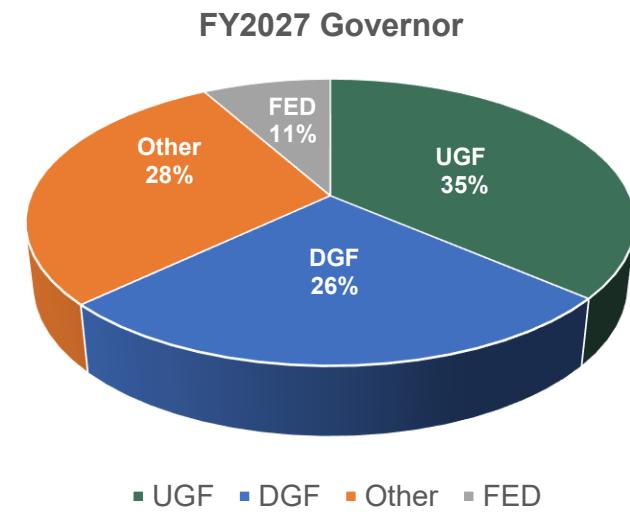
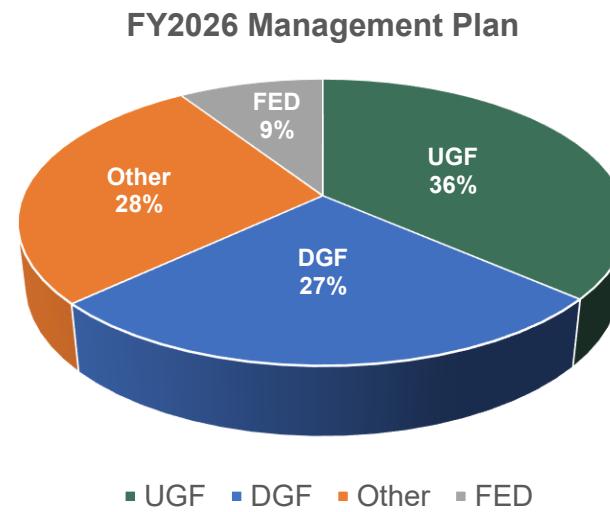
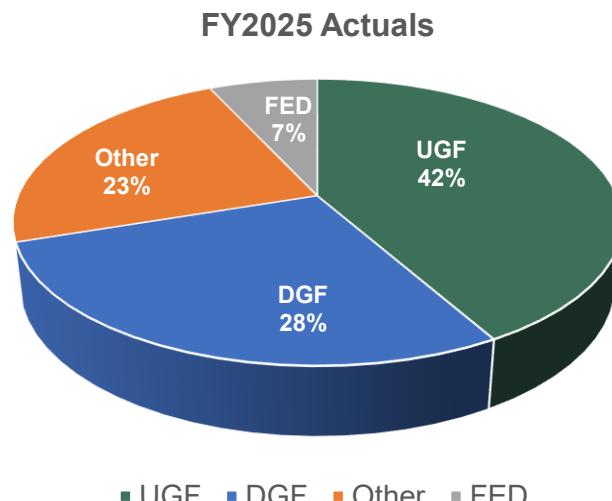
| | FY2025 Actuals | FY2026 Management Plan | FY2027 Governor** | Difference (FY2026 vs FY2027) | % Change (FY2026 vs FY2027) |
|--------------|------------------|------------------------|-------------------|-------------------------------|-----------------------------|
| UGF | 66,448.8 | 71,183.2 | 70,630.5 | (552.7) | (0.8)% |
| DGF | 44,680.3 | 52,089.1 | 51,704.1 | (385.0) | (0.7)% |
| Other | 36,965.2 | 54,261.2 | 56,246.1 | 1,984.9 | 3.7% |
| FED | 10,955.1 | 17,985.6 | 22,265.4 | 4,279.8 | 23.8% |
| Total | 159,049.4 | 195,519.1 | 200,846.1 | 5,327.0 | 2.7% |

| | FY2025 Actuals | FY2026 Management Plan | FY2027 Governor** | Difference (FY2026 vs FY2027) |
|--------------|----------------|------------------------|-------------------|-------------------------------|
| PFT | 767 | 770 | 746 | (24) |
| PPT | 215 | 214 | 208 | (6) |
| NP | 72 | 71 | 71 | 0 |
| Total | 1,054 | 1,055 | 1,025 | (30) |

UGF: Unrestricted General Funds
DGF: Designated General Funds
FED: Federal

PFT: Permanent Full-time
PPT: Permanent Part-time
NP: Non-permanent

**Division of Agriculture data removed





FY2027 Fund Source Breakdown by Fund Category

(\$ in thousands)

| Agency Operating | UGF | DGF | GF Total | Other | FED | Total |
|--------------------|----------|----------|-----------|----------|----------|-----------|
| Non-Formula | 70,630.5 | 51,704.1 | 122,334.6 | 56,246.1 | 22,265.4 | 200,846.1 |

| PCN Count | | |
|-----------|-----|----|
| PFT | PPT | NP |
| 746 | 208 | 71 |

| | | |
|--------------|--|--|
| UGF | General Fund General Fund Match | 68,355.7 2,274.8 |
| DGF | General Fund Program Receipts State Land Disposal Income Fund Vehicle Rental Tax Timber Sales Receipts Shore Fisheries Lease Boat Registration Fees | 36,938.9 5,615.3 6,731.5 1,550.9 555.9 311.6 |
| Other | Statutory Designated Program Receipts Inter-Agency Receipts Permanent Fund Receipts Capital Funds Mental Health Trust Authority Alaska Liquified Natural Gas I/A Exxon Valdez Oil Spill Settlement Non-General Fund Earnings Oil & Hazard Water I/A Mine Reclamation Trust Fund | 13,990.5 17,923.4 7,968.1 9,128.2 6,438.2 565.1 0.0 150.0 52.6 30.0 |
| FED | Federal | 22,265.4 |

General funds = 61%
of department budget
(UGF 35%, DGF 26%)

10-Year average: \$22
in revenue for every
general fund dollar
appropriated

UGF: Unrestricted General Funds
DGF: Designated General Funds
GF: General Fund
FED: Federal
I/A: Interagency Receipt

PCN: Position Control Number
PFT: Permanent Full-time
PPT: Permanent Part-time
NP: Non-permanent



FY2027 Governor Budget Changes

(\$ in thousands)

| Line | Division | Change Record Title | Fund Source | Amount / PCN |
|------|--|--|---|--|
| 1 | Administrative Services | Transfer Positions from Administration for Accounts Payable, and Travel and Expense Activities | | 4 PFT PCNs |
| 2 | Administrative Services | Transfer Positions from Administration for Payroll Services | | 4 PFT PCNs |
| 3 | Information Resource Management; Oil and Gas; Mining, Land and Water; Geological and Geophysical Surveys | Information Technology Classification Study Implementation | Federal Receipts (1002) Unrestricted General Fund (1004) General Fund/Program Receipts (1005) Inter-Agency Receipts (1007) Capital Improvement Receipts (1061) Permanent Fund Gross (1105) Statutory Designated Program Receipts (1108) | \$56.5 \$388.0 \$64.9 \$28.2 \$18.8 \$32.8 \$5.6 Total \$594.8 |
| 4 | Exxon Valdez Oil Spill (EVOS) Trustee Council Projects | Delete EVOS Trustee Council Projects Component and Authority | Exxon Valdez Oil Spill Civil (1018) | (\$174.9) |



FY2027 Governor Budget Changes

(\$ in thousands)

| Line | Division | Change Record Title | Fund Source | Amount / PCN |
|------|--|---|---|-----------------|
| 5 | Mental Health Trust (MHT) Lands Office Facility Operations and Maintenance | Mental Health Trust: MHT Lands Facility Operations and Maintenance | Mental Health Trust Authority Authorized Receipts (MHTAAR) (1092) | \$573.2 |
| 6 | Forest Management and Development | Good Neighbor Authority - Forest Management on Federal Lands | Federal Receipts (1002) | \$160.0 / 1 PFT |
| 7 | Geological and Geophysical Surveys | Maintain Critical Minerals Mapping – Earth Mapping Resources Initiative (MRI) | Federal Receipts (1002) | \$5,825.0 |



FY2027 Governor Budget Changes

(\$ in thousands)

| Line | Division | Change Record Title | Fund Source | Amount / PCN |
|------|-------------------------------|--|--|--|
| 8 | Fire Suppression Preparedness | Fire Suppression Preparedness Interagency Authority Increase | Inter-Agency Receipts (1007) | \$1,500.0 |
| 9 | Fire Suppression Preparedness | Transfer Two Positions and Funding to Department of Agriculture | Federal Receipts (1002) Unrestricted General Funds (1004) Inter-Agency Receipts (1007) Capital Improvement Project Receipts (1061) | (\$6.6) (\$170.3) (\$9.9) (\$6.3) Total (\$193.1) / (1 PFT, 1 PPT) |
| 10 | Agricultural Development | Executive Order (EO) 137 Transfer Positions and Authority to Department of Agriculture | Federal Receipts (1002) Unrestricted General Funds (1004) General Fund Program Receipts (1005) Inter-Agency Receipts (1007) Agricultural Revolving Loan Fund (1021) Capital Improvement Project Receipts (1061) Statutory Designated Program Receipts (1108) State Land Disposal Income Fund (1153) | (\$3,228.2) (\$1,065.6) (\$604.0) (\$20.0) (\$339.8) (\$26.1) (\$26.9) (\$474.5) Total (\$5,785.1) / (17 PFT) |



FY2027 Governor Budget Changes

(\$ in thousands)

| Line | Division | Change Record Title | Fund Source | Amount / PCN |
|------|--------------------------------------|--|---|---|
| 11 | North Latitude Plant Material Center | EO 137 Transfer Positions and Authority to Department of Agriculture | Federal Receipts (1002) Unrestricted General Funds (1004) General Fund Program Receipts (1005) Inter-Agency Receipts (1007) Capital Improvement Project Receipts (1061) Statutory Designated Program Receipts (1108) | (\$808.3) (\$2,156.6) (\$642.5) (\$218.3) (\$9.1) (\$58.2) Total (\$3,893.0) / (15 PFT, 5 PPT) |
| 12 | History and Archaeology | National Historic Preservation Fund | Federal Receipts (1002) Unrestricted General Funds (1004) | \$2,000.0 \$1,300.0 Total \$3,300.0 |



Changes from Governor FY2026 budget

(\$ in thousands)

| Midyear Status Report Item | Appropriation/Allocation | Description | Response |
|----------------------------|---|---|--|
| 1 | Fire Suppression, Land & Water Resources | Governor's requested item to add two natural resource specialist positions to address increased broadband easement applications was not enacted. | Staff is prioritizing broadband applications and has not received concerns about processing delays. Other types of easements may encounter delays depending on demands or capacity, the Department is working to mitigate and manage through this to the greatest degree possible. |
| 3 | Fire Suppression, Land & Water Resources, Forest Management & Development | Add UGF to replace expiring CIP and federal funds supporting four foresters, five GIS analysts, and three equipment operators; Governor's proposed budget request was \$437.6; received \$218.8 UGF | The four foresters were retained and continue to be supported by federal funds, however, the future federal funding for these positions remains uncertain. The \$218.8 was utilized to the GIS analysts and three equipment operators. |
| | | | |

UGF: Unrestricted General Funds

CIP: Capital Improvement Project

GIS: Geographic Information System

DNR: Department of Natural Resources



Timber Management

- We want asset value and utilization to go up – costs and public impacts to go down
- The Department is working to implement the Governor's goals to drive more economic activity from timber resources and to more actively manage forests for health and regeneration, mitigate forest pests, and salvage fire-killed timber
- Harvest and associated road development benefits forest health, reduces wildfire risk, preserves wildlife habitat, and expands recreational opportunities for Alaskans
- The Division is accelerating sales statewide and working on mechanisms to get timber into productive use, such as federal "Good Neighbor Authority"
- Legislation introduced to increase Tanana Valley State Forest and to enable new timber management leases



Haines State Forest Resource Management Area



- 260,000 acres with timber, recreational, hunting and fishing, wildlife and tourism values
- The Department engaged in a public process revising Haines State Forest Resource Management Area (HSF) plan to ***allow but not require*** harvest in more areas
 - Want to enable silviculture treatments as a tool to meet habitat, recreation management objectives
- Management plan guides forest use over long-term
- Updates were required under Senate Bill 48 in 2023 to enable carbon offset projects in HSF
- Eight public and stakeholder meetings to date
- Plan revisions website, including ways for public to participate: <https://forestry.alaska.gov/HSFamendment/>





Carbon Activity and Revenues

Carbon Capture, Utilization and Storage (CCUS)

- Carbon storage exploration license and lease regulations finalized February 16, 2025; no applications received to date
- DNR published Alaska CCUS Hub Site in November 2025
- Alaska Oil and Gas Conservation Commission issued draft regulations for a Class VI (CO2) injection well program

Carbon Offset Program

- Regulations effective July 2024
- Contractor hired to assess feasibility of improved forest management projects on state forestlands and assist with developing viable projects on a revenue-share basis
- Seeking contractor to assess/develop reforestation projects

Carbon Management Leasing Program

- Regulations underway to be able to receive applications to lease state land for private, nature-based carbon projects





Thank You



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Support Services Division



Trust
Land Office



Appendix Slides

- Division of Forestry & Fire Protection
- Division of Geological & Geophysical Surveys
- Division of Mining, Land & Water
- Division of Oil & Gas
- Office of Project Management & Permitting
- Division of Parks & Outdoor Recreation
- Support Services Division
- Alaska Mental Health Trust Land Office
- Office of the Commissioner



Division of Forestry & Fire Protection

The Division's core functions are fire protection to keep Alaskans and their investments safe, and forest management to drive economic activity

FY2025 Accomplishments

- Sold 27.1 million board feet appraised at \$764,000
- Harvested 31.1 million board feet and generated \$2.8 million in timber receipts
- Reconstructed 86 miles of forest road
- Increasing coordination with U.S. Forest Service on federal forests
- Trained 156 individuals in lumber grading, 30 in wood-drying
- Initial attack contained over 90 percent of fires in critical/full protection areas
- Trained 235 new firefighters and 84 cadets; implemented 16 fuel reduction projects; developed 17 Community Wildfire Protection Plans
- Responded to Allakaket Late August Storm, Elfin Cove Landslide, Typhoon Halong

FY2027 Priorities

- Increase timber access, reforestation work in all regions
- Increase public safety and reduce fire costs through Preparedness Level 3 staffing
- Reduce community wildfire risk with planning, mitigation





Division of Geological & Geophysical Surveys

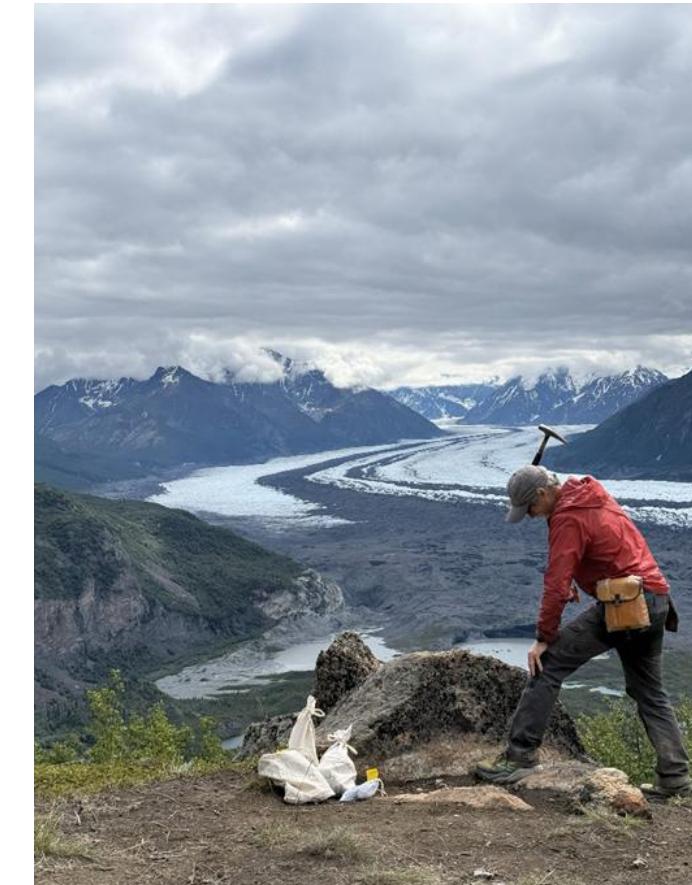
Mission: To determine the potential of Alaska land for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of groundwater and construction material; and the potential geologic hazards to buildings, roads, bridges, and other installations

FY2025 Accomplishments

- New geothermal program established, year one of three of state funding
- Lidar datasets recognized nationally for crucial landslide assessment studies
- Mount Spurr volcano monitoring and public education; published 30 hazards reports and datasets, evaluated 2,525 square miles
- Geologic mapping, research continues for oil and gas, carbon storage
- 46 mining claims staked in 2025 based on state airborne geophysics; online interest in federally-funded Earth MRI geologic data tripled

FY2027 Priorities

- Generate energy and mineral data interpretations to stimulate new exploration
- Expand evaluation of construction materials and geologic hazards in the National Petroleum Reserve in Alaska in support of communities
- Leverage state funds for geothermal energy with equivalent federal funding
- Improve access to Alaska's geological archive to support exploration





Division of Mining, Land & Water

Mission: Provide for the appropriate use and management of Alaska's state-owned land and water, aiming for maximum use consistent with the public interest

FY2025 Accomplishments

- Generated \$38.3 million in revenue for FY2025, a one percent increase from FY2024
- Generated \$6.2 million in revenue for the Land Disposal Income Fund, a 4.5 percent increase from FY2024
- Conveyed 18,410 acres to six municipalities; sold 169 parcels to the public
- Processed 2,078 new mining claims, issued 12 mining leases

FY2027 Priorities

- Acquire 1.7 million acres of statehood entitlement lands within Public Land Order 5150 to secure lands with vital infrastructure
- Adopt Northeast Alaska Area Plan and Copper River Basin Area Plan classifying 10.5 million acres of state owned and selected lands
- Increase agricultural land sales with fall 2026 offering
- Accelerate 'Unlocking Alaska' with navigable waterways work
- Grow the Alaska's Continuously Operating Reference Network from 43 stations to 75 stations, improving real-time positioning statewide





Division of Oil & Gas

Mission: Manage lands for oil, gas, and geothermal exploration and development in a fair, transparent manner to maximize prudent use of resources for the greatest benefit of all Alaskans; facilitate safe, environmentally responsible operation and maintenance of common carrier pipelines

FY2025 Accomplishments:

- \$1.8 billion in royalty, net profit share leases, rents, bonus bids, unit actions, federal payments
- Developed Alaska carbon storage data hubsite, leveraging Department of Energy grant funding
- Oversaw activities on 36 oil and gas units and four leases
- Five areawide, one geothermal lease sales

FY2027 Priorities:

- Continue to actively manage Cook Inlet gas supply
- Timely issue of all Alaska Liquefied Natural Gas project (AKLNG) right of way lease and royalty actions as necessary
- Transition administration of federally managed lands along the Trans Alaska Pipeline System and AKLNG corridor to the State





Office of Project Management & Permitting

Mission: To coordinate state multi-agency regulatory reviews and authorizations while collaboratively engaging federal agencies on land use planning and policy initiatives to maintain and enhance the state's economy and quality of life, and to maximize the value of Alaska's vast natural resources

FY2025 Accomplishments:

- Provided multi-agency state, federal, and local permit coordination on large natural resource development projects including about 17 mining and six energy projects
- Monitored many federal actions and facilitated state and federal coordination, consultation, review, and consolidation of state comments asserting the state's legal rights and interests
- Advanced Arctic Strategic Transportation and Resources (ASTAR); coordinated study for Triangle Community Road and initial design for Arctic test road





Division of Parks & Outdoor Recreation

Mission: Provide outdoor recreation opportunities and conserve and interpret natural, cultural, and historical resources for the use, enjoyment, and welfare of the people

FY2025 Accomplishments:

- Self-funded parks to 51 percent (35 percent increase since FY2019)
- Rangers responded to over 63 search and rescue missions, up 37 percent
- \$6.6 million in outdoor recreation design/construction awards in FY2025; completed 12 construction and construction related projects in Calendar Year 2025
- State Historic Preservation Office issued record 107 permits to conduct archaeological surveys and other research on state lands

FY2027 Priorities:

- Expand and enhance public access to Alaska State Park units
- Improve self-sufficiency through review of Program Receipt Collection areas
- Position Alaska State Park units as key economic drivers for communities
- Implement Office of History and Archaeology Section 106 processes to improve transparency and efficiency
- Advance development of the Outdoor Recreation Hub for mapping parks, trails, and facilities





Support Services Division

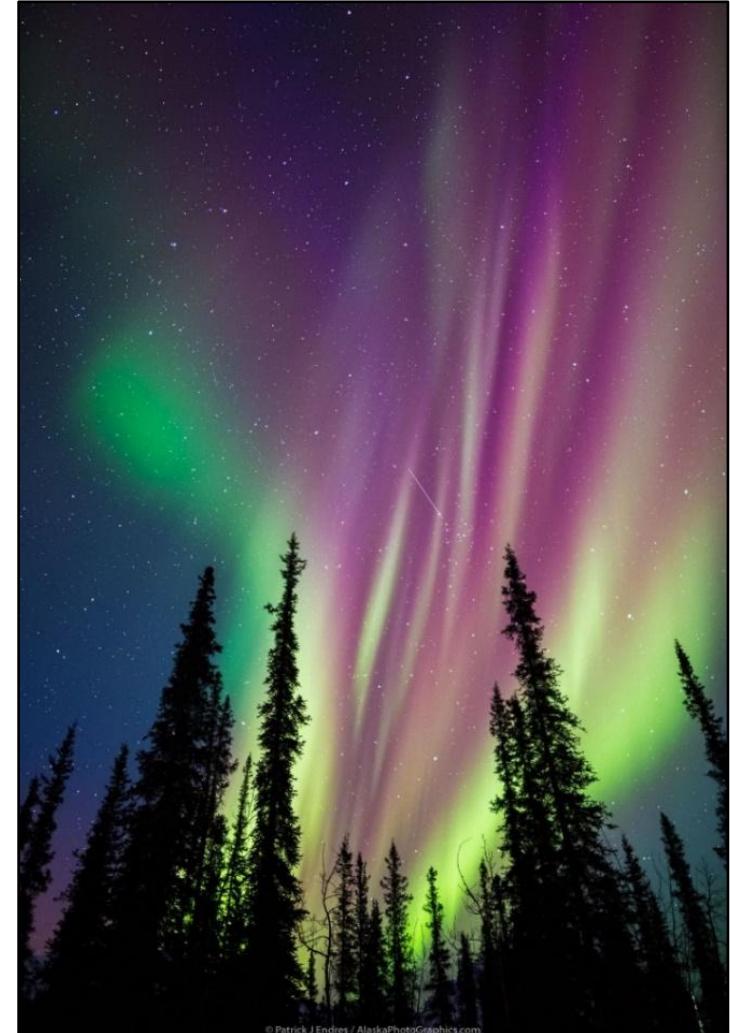
Mission: Provide client-focused, efficient, and cost-effective financial, budget, procurement, human resource, information technology, and recording services to the Department of Natural Resources and the public

FY2025 Accomplishments:

- Implemented improved communication and training delivery strategies
- Information technology retired outdated servers, upgraded applications, and cleaned up over 30 years of mainframe code

Recorder's Office:

- Improved access and efficiency by enhancing and streamlining eRecording, search functions, and workflows



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Alaska Mental Health Trust Land Office

Mission: Protect and enhance the value of Alaska Mental Health Trust Lands, including minerals, coal, oil and gas, timber and real estate, while maximizing revenue from those lands over time to support mental health services

FY2025 Accomplishments:

- Generated \$33M+ to support programs for Trust beneficiaries who experience behavioral health disorders and developmental disabilities
- The Trust Land Office (TLO) advanced its mission of revenue generation and resource development by entering into Memorandums of Understanding (MOUs) with three key local governments: the Ketchikan Gateway Borough, the City and Borough of Wrangell, and the Kenai Peninsula Borough
- Financed land contracts and outright land purchases projected to deliver long-term revenue over the lifetime of the agreements
- Advanced Icy Cape Project Gold and Heavy Minerals Project with an independent technical report including resource estimates. Additionally, the project has identified critical mineral potential
- 14 subdivision projects underway in 10 communities to expand lands available for purchase



Office of the Commissioner

FY2025 Accomplishments:

- Actively promoted Alaska resources to global investors
- Continued to advance statehood defense issues while working with senior federal agency leadership
- Provided consistent and timely guidance to division leadership teams and communicated DNR activities to the public, stakeholders, and state agencies
- Developed Alaska's natural resources through effective, thorough and streamlined permitting processes
- Reinvigorated efforts to address appeals backlog with 55 of 154 outstanding appeals resolved in calendar year 2025
- Emphasized workforce development with peer-led Future Leaders Summit, growing DNR's next leaders from within

