

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

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April 14, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

Please consider the enclosed amendments to HB 199, Federal Economic Stimulus appropriations bill currently in the Senate Finance Committee. These amendments will result in reducing the draw on reserves and provide funding for capital projects and increases in the K-12 school funding formula.

Given the projected revenue shortfall in FY2009 and FY2010, use of federal stimulus funds will help pay for needed projects and education increases while reducing general fund spending. Please contact me if you have additional questions.

Sincerely,



Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House and Senate Finance Committee members

	A	B	C
1	Federal Economic Stimulus - General Fund Savings/Replacements		
2	State Fiscal Stabilization Funds		
3	School Major Maintenance	General Fund	Federal ES
4	Kaltag K-12 School Heating System Replacement	-1,078.8	1,078.8
5	Diomedea K-12 School Renovation	-15,890.6	15,890.6
6	Kodiak Schools Seismic Mitigation Project	-3,236.1	3,236.1
7	Craig Middle School Classroom Renovation	-83.6	83.6
8	St. Mary's Districtwide Fuel Tank Farm Replacement (partial funding of \$3.3 m)	-412.4	412.4
9	Total	-20,701.5	20,701.5
10	Public School Funding Program	General Fund	Federal ES
11	HB273 - FY10 Increase	-56,491.6	56,491.6
12	HB273 - FY11 Increase (partial funding of \$57.7m)	-36,551.6	36,551.6
13	Total	-93,043.2	93,043.2
14			
15	Public Safety - Justice Assistance Grants**	General Fund	Federal ES
16	APSIN Redesign, Final Phase	-2,000.0	2,000.0
17	AST Mobile Data Computers - Phase II	-154.1	154.1
18	Alaska Law Enforcement Information Sharing System (ALIESS)	-220.0	220.0
19	DPS Computer replacements	-200.0	200.0
20	Network storage servers	-800.0	800.0
21	Crime Lab Equipment	-100.0	100.0
22	AST/AWT Law Enforcement Equipment Replacement	-900.0	900.0
23	Total	-4,374.1	4,374.1
24			
25	Operating Items	General Fund	Federal ES
26	Child Care Development Block Grants	-1,500.0	1,500.0
27	Child Support Enforcement	-1,500.0	1,500.0
28	Vocational Rehabilitation Soc Security Interface (to capital)	-275.4	275.4
29	Medicaid FY09 and FY10	-128,500.0	128,500.0
30	Total	-131,775.4	131,775.4
31			
32	Total Savings/Replacements*	-249,894.2	249,894.2
33	<i>*Reduces the amount of the draw on savings at the end of FY2009 and FY2010</i>		
34	<i>**Does not include \$1,446.9 for mandatory grants to local governments</i>		

CSHB 199(FIN) am Budget Amendment

Amend section 14(a), Office of the Governor, to read:

(a) The sum of \$20,701,535 is appropriated from federal economic stimulus funds received by the state under P.L. 111-5 (American Recovery and Reinvestment Act of 2009) to the Office of the Governor **for deposit into the major maintenance grant fund (AS 14.11.007) and allocated as shown for purposes consistent with sec. 14002(b), P.L. 111-5:**

	<u>Allocation</u>
<u>(1) St. Mary's – Districtwide Fuel Tank Farm Replacement (HD 39)</u>	<u>412,347</u>
<u>(2) Craig Middle School Classroom Renovation (HD 5)</u>	<u>83,588</u>
<u>(3) Kodiak Schools Seismic Mitigation Project (HD 36)</u>	<u>3,236,143</u>
<u>(4) Diomedes K-12 School Renovation (HD 39)</u>	<u>15,890,622</u>
<u>(5) Kaltag K-12 School Heating System Replacement (HD 6)</u>	<u>1,078,835</u>

[TO BE DISTRIBUTED BY THE DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT ON A PER CAPITA BASIS TO ENTITIES THAT ARE ELIGIBLE TO RECEIVE COMMUNITY REVENUE SHARING UNDER AS 29.60.850 – 29.60.879 DURING THE FISCAL YEAR ENDING JUNE 30, 2009, TO BE USED BY THE ENTITY FOR PURPOSES CONSISTENT WITH SEC. 14002(b), P.L. 111-5.]

Economic Stimulus funding may be used for these capital projects. This amendment replaces the use of this portion of the State Fiscal Stabilization Fund.

CSSB 75 could be amended by reducing the amount for the St. Mary's project from \$3,306,502 by \$412,347 down to \$2,894,155. The remaining four projects listed above could be deleted in their entirety from CSSB 75.

CSHB 199(FIN) am Budget Amendment

Amend section 14(b), Office of the Governor, to read:

(b) The sum of \$93,043,200 is appropriated from federal economic stimulus funds received by the state under P.L. 111-5 (American Recovery and Reinvestment Act of 2009) to the Office of the Governor **for deposit into the public education fund (AS 14.17.300)** [TO BE DISTRIBUTED BY THE DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT] for purposes consistent with sec. 14002(a), P.L. 111-5.

This amendment replaces the use of this portion of the State Fiscal Stabilization Fund by depositing the \$93 million into the public education fund. The FY10 increase in education funding of \$56,491,600 would come from the federal economic stimulus funds and \$36,551,600, a portion of the FY2011 increase of \$57.7 million, would come from the federal economic stimulus funds.

Conceptual amendment 1 to HB 199 to adjust FY10 and FY11 funding via the FY11 deposit to the public education fund:

Sec. --. CONSTITUTIONAL BUDGET RESERVE. The appropriation of \$1,111,914,700 from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the public education fund (AS 14.17.300) in the version of HB 81, Twenty-Sixth Alaska State Legislature, that is enacted into law is reduced by \$93,043,200 to a new total of \$1,018,871,500.

Amend sec. 15, Contingency, by adding a new subsection to read:

(b) The appropriation reduction made in sec. -- of this Act is contingent on passage by the Twenty-Sixth Alaska State Legislature in the First Regular Session and enactment into law of a version of HB 81 that appropriates not less than \$1,111,914,700 from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the public education fund (AS 14.17.300).

Conceptual amendment 1 needs a July 1, 2009 effective date.

-OR- (if the CBR deposit fails in HB 81)

Conceptual amendment 2 to HB 199 to reduce the FY10 funding by \$56,491,600:

Sec. --. FUND TRANSFERS. Sec. 22(r), ch. 27, SLA 2008, page 82, lines 6 – 7, is amended to read:

(r) The sum of **\$947,608,400** [\$1,004,100,000] is appropriated from the general fund to the public education fund (AS 14.17.300).

CSHB 199(FIN) am Budget Amendment

Amend section 1, to read:

Department of Public Safety				
	Allocation	Appropriation Items	General Funds	Other Funds
Alaska State Troopers		<u>1,496,100</u> [5,871,000]		<u>1,496,100</u> [5,871,000]
Special Projects	50,000			
Narcotics Task Force	<u>1,446,900</u> [5,821,000]			

Amend section 7, to read:

Department of Public Safety				
	Allocation	Appropriation Items	General Funds	Other Funds
<u>APSIN Redesign, Final Phase (HD 1-40)</u>		<u>2,000,000</u>		<u>2,000,000</u>
<u>Alaska Law Enforcement Information Sharing System (ALIESS) (HD 1-40)</u>		<u>220,000</u>		<u>220,000</u>
<u>Computer Replacements (HD 1-40)</u>		<u>200,000</u>		<u>200,000</u>
<u>Network Storage Servers and Software (HD 1-40)</u>		<u>800,000</u>		<u>800,000</u>
<u>Crime Laboratory Equipment Replacement (HD 1-40)</u>		<u>100,000</u>		<u>100,000</u>
<u>AST Mobile Data Computers - Phase II (HD 1-40)</u>		<u>154,100</u>		<u>154,100</u>
<u>AST Law Enforcement Equipment Replacement (HD 1-40)</u>		<u>500,000</u>		<u>500,000</u>
<u>AWT Law Enforcement Equipment Replacement (HD 1-40)</u>		<u>400,000</u>		<u>400,000</u>

Economic Stimulus funding may be used for these capital projects. This amendment transfers Economic Stimulus funds from the operating to the capital section of HB 199.

CSSB 75 could be amended to delete the appropriations for Crime Laboratory Equipment Replacement, \$50,000; AST Law Enforcement Equipment Replacement, \$250,000; AWT Law Enforcement Equipment Replacement, \$200,000; and reduce the appropriation for AST Mobile Data Computers – Phase II by \$154,100 from \$240,000 to \$85,900.

CSHB 199(FIN) am Budget Amendment

Amend section 12, Department of Health and Social Services, by adding a new subsection to read:

(c) The general fund appropriation to the Department of Health and Social Services, public assistance, child care benefits, in the version of HB 81 that is passed by the Twenty-Sixth Alaska State Legislature and enacted into law, is reduced by \$1,500,000, for the fiscal year ending June 30, 2010.

Amend sec. 15, Contingency, by adding a new subsection to read:

(--) The appropriation reduction made in sec. 12(c) of this Act is contingent on passage by the Twenty-Sixth Alaska State Legislature in the First Regular Session and enactment into law of a version of HB 81 that allocates not less than \$50,229,100 to the Department of Health and Social Services, public assistance, child care benefits,

These amendments need a July 1, 2009 effective date.

Economic Stimulus funding is used to replace the general fund increase in the child care benefits FY2010 operating budget.

CSHB 199(FIN) am Budget Amendment

Amend sec. 1, Department of Labor and Workforce Development, to read:

	Allocation	Appropriation Items	General Funds	Other Funds
Vocational Rehabilitation		<u>1,770,800</u> [2,046,200]		<u>1,770,800</u> [2,046,200]
Client Services	<u>1,524,600</u> [1,800,000]			

Amend sec. 4, Department of Labor and Workforce Development, to read:

	Allocation	Appropriation Items	General Funds	Other Funds
<u>Vocational Rehabilitation</u>		<u>275,400</u>		<u>275,400</u>
<u>Social Security / Employment</u>				
<u>Data Interface (HD 40)</u>				

Economic Stimulus funding may be used for the Social Security / Employment Data Interface capital project. This amendment transfers Economic Stimulus funds from the operating to capital section of HB 199.