



29<sup>th</sup> Alaska State Legislature  
House Finance Budget Subcommittee  
Department of Administration  
FY17 Operating Budget

**Chair:**

Rep. Lynn Gattis  
Capitol Room 500  
465-4833

**Members:**

Rep. Craig Johnson  
Capitol Room 216  
465-4993

Rep. Kurt Olson  
Capitol Room 11  
465-2693

Rep. Bob Lynn  
Capitol Room 108  
465-4931

Rep. Cathy Tilton  
Capitol Room 411  
465-2199

Rep. Chris Tuck  
Capitol Room 404  
465-2095

Rep. Harriett  
Drummond  
Capitol Room 112  
465-3875

**Committee Aide:**

Tyson Gallagher  
465-3973

**DEPARTMENT OF ADMINISTRATION  
FY2017 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT  
February 23, 2016**

**RECOMMENDATIONS:**

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The House Finance Budget Subcommittee for the Department of Administration submits a recommended operating budget for FY2017 to the House Finance Committee as follows:

**Fund Source:** (dollars are in thousands)

Unrestricted General Funds (UGF)	\$67,117.4
Designated General Funds (DGF)	\$29,051.6
Other Funds	\$225,212.8
Federal Funds	<u>\$2,221.5</u>
<b>Total</b>	<b>\$323,603.3</b>

The Unrestricted General Fund difference from FY16 Management Plan to the House Subcommittee budget recommendation is a reduction of \$10,076.2, which is a 13.1% reduction.

The subcommittee recommends a total decrease from the FY2017 adjusted base of \$12,382.9 in all fund sources.

**Positions:**

Permanent Full-time	1,035
Permanent Part-time	19
Temporary	37
<b>Total</b>	<b>1,091</b>

## **BUDGET ACTION:**

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The House Finance Budget Subcommittee for the Department of Administration held **5** meetings with the Department. The Subcommittee reviewed and accepted the FY2017 Governor's amended budget request and made its own recommendations, which include these highlights:

- **Reduction, Public Communications Services, <\$2,680.0> 1004 UGF.** Alaska Public Broadcasting Services, including radio, television, and the commission, provide public service programming throughout Alaska. These reductions propose to eliminate the state operating grant portion of Public Broadcast budgets. The subcommittee has kept maintenance and operations funding for satellite infrastructure in the budget— key infrastructure to the system. In 2014, the Corporation for Public Broadcasting (Federal Dollars granted over \$2.9 million to Alaska stations for TV grants, over \$4.5 million for radio grants, and over \$8.6 million overall. Between fundraising, federal revenues, advertising, and donations, the public broadcast budget approaches \$13-\$14 million annually, making this approximately a 20% reduction to the system.
- **Eliminate Central Mail. <3,147.1> 1007 I/A Receipts.** One of the primary tasks the subcommittees were charged with was to look at reducing the number of programs and services that departments provide. In 2004, Central Mail was a centralization effort that was only ever implemented in Juneau. Anchorage, Fairbanks, and the remainder of the state remained de-centralized. Over the last 12 years areas outside of Juneau have developed a process to send and receive both inter-agency and U.S. Postal service mail.
- **Reduction, Travel, Services, and Commodities Lines <1,153.2> UGF.** With annual budget deficits approaching \$4 billion, there is a major need to reduce non-essential spending in state government. The subcommittee has proposed reductions to the travel, services, and commodities lines of each allocation. With Governor Walker's issuance of a travel freeze, the subcommittee has eliminated out of state travel and reduced in-state travel by 33%. This will provide a savings to the state in addition to retaining a small amount of funds for the department conduct travel that is deemed absolutely mission critical. Additionally, the subcommittee has reduced the services and commodities lines by reducing budgets for items such as: conference fees, subscriptions, long distance phone budgets, Central Mail, and office supplies and furniture.
- **Reduction, Alaska Public Offices Commission Office <\$200.0> UGF.** The Alaska Public Offices Commission regulates the activities of election campaigns, public officials, lobbyists, and lobbyists. With a reduction last year, APOC has successfully been able to continue to produce a work output at a comparable level to prior years. This transaction is recommended in conjunction with statutory change recommendations to the full House Finance Committee that would reduce APOC's cost burden, absorbing the impact of some of this reduction.
- **Remove Special Retirement Systems from numbers section of the budget <\$1,925.1> UGF.** This is not a reduction. The Unlicensed Vessel Participant Annuity Retirement System (UVPARS) and the Elected Public Officers Retirement System (EPORS) appropriations are being moved to a language section of the budget. The Subcommittee is responsible for evaluating and providing recommendations on the numbers section of the budget,

therefore you see the reduction from the numbers section in subcommittee, and new language will be included in a committee substitute in full House Finance.

- **Added Intent Language for Alaska Land Mobile Radio.** It is the intent of the Legislature that the department review options to provide interoperable emergency radio service on a statewide level utilizing any and all technology available, and report back to the Legislature by January 25, 2017 with potential system replacement options that would have an annual operating budget no more than 70% of the total Alaska Land Mobile Radio Component FY17 Unrestricted General Fund Operating Budget.

### **Recommendations to the full House Finance Committee –**

- o APOC Statutory change recommendations including but not limited to:
  - Revise AS 15.13.374, advisory opinions
    - Extend the time for requests from seven days to 10 working days; greater flexibility with time management
  - Revise AS 15.13.040
    - Reduce redundant reporting
  - Clarify AS 15.13.090(c) & (d), paid for identifiers;
    - Simplify the paid for identifiers
- o REAL ID Act
  - Take up enabling legislation or instruct DMV to develop a plan one how to allow Alaskans to continue their normal livelihood and activities when REAL ID Act takes effect.
- o Felony-Theft Threshold
  - Take up legislation to raise the felony-theft threshold level to a level in line with the Consumer Price Index. A raising of the felony-theft threshold will reduce the Office of Public Advocacy and the Public Defenders Agencies costs by trying more cases as misdemeanors that would be tried as felonies now.
- o Central Mail
  - Remove all funds budgeted in other departments for Central Mail – in association with the level of reduction of Central Mail in the Department of Administration's budget

### **ATTACHED REPORTS:**

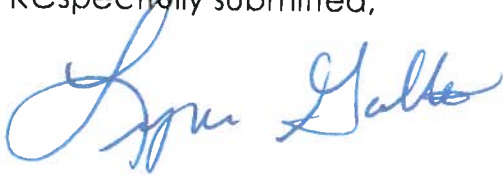
The House Finance Budget Subcommittee for the Department of Administration adopts the attached reports:

#### **2016 Legislative Finance Division Reports – House Structure (Numbers Only)**

1. Agency Totals – FY2017 Operating Budget
2. Allocation Summary (All Funds)
3. Allocation Summary (GF Only)
4. Transaction Compare between Adjusted Base (17Adj Base) and House Subcommittee (H Sub)
5. Transaction Compare between Governor Amended (Gov Amd) and House Subcommittee (H Sub)

6. Wordage Report – FY2017 Operating Budget  
The Budget Action Worksheet is attached for informational purposes.

Respectfully submitted,



Representative Lynn Gattis, Chair  
House Finance Budget Subcommittee for the Department of Administration