

DEPARTMENT OF NATURAL RESOURCES
FY19 - Summary of Significant Budget Issues

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
1	Administration & Support Services/ Project Management & Permitting	Develop a Cost Accounting Method to Properly Bill Overhead Costs	(\$47.0) UGF	The Office of Project Management and Permitting will develop a cost accounting method that will allow the agency to bill industry for overhead costs. This will reduce UGF spending by \$47.0, replacing it with additional statutory designated program receipts (Other) using existing authority.
2	Administration & Support Services/ Information Resource Management	Delete Geographic Information Systems (GIS) Analyst I	Total: (\$82.3) (\$50.0) UGF (\$32.3) I/A (Other) (1) PFT Position	Information Resource Management will eliminate an entry-level GIS analyst position and reassign duties to other positions. This is the only entry-level GIS position in the agency, possibly creating future recruitment/promotion problems in the GIS analyst series.
3	Administration & Support Services/ Facilities	Lease Savings from Atwood Building Consolidation	(\$125.0) UGF	The department will reduce its footprint in the Atwood Building in Anchorage, reducing lease costs.
4	Oil & Gas	Reservoir Modeling Software and Licensing	\$500.0 UGF (\$250.0 as IncOTI)	The legislature approved the Governor's request for \$500.0 UGF for reservoir modeling. The department had received a capital project for this purpose in FY09, but the remaining balance of that appropriation was re-appropriated in FY17. Reservoir dynamic models are used to predict future performance and recovery of oil, water and gas. Of the total, \$250.0 is a one-time increment for contractual services and the remaining \$250.0 is for the ongoing cost of software licensing.

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Governor's Budget Items Approved as Requested (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
5	Fire Suppression, Land & Water Resources/ Mining, Land & Water	Multiple Reductions	Total: (\$425.0) (\$1,425.0) UGF \$1,000.0 GF/ Program Receipts (DGF) (2) PFT Position and 1 Temp Position	The Division of Mining, Land & Water will reduce UGF spending through several measures: <ul style="list-style-type: none"> • Replace Unrestricted General Funds with Program Receipt Authority: (\$1,000.0) UGF/ \$1,000.0 GF/Program Receipts (DGF). Program Receipt revenue has increased in the division, and this fund change utilizes a portion of that revenue to offset UGF spending. • Reduce Administrative Support: (\$80.0) UGF, (1) PFT. The implementation of Shared Services of Alaska is anticipated to reduce DNR's overall administrative workload. An Administrative Assistant II position will be deleted, along with associated funding. • Unified Permit Program Reduction: (\$245.0) UGF. The department received an increment for the Unified Permit Program in FY18, with the expectation that the amount would decrease in subsequent years. Consistent with that plan, the department will reduce UGF spending by \$245.0 as a phase of the permitting program is completed. While the increment was given as GF/Program Receipts, the department will reduce UGF to continue utilizing its program receipt revenue. • Native Allotment Program: (\$100.0) UGF, (1) PFT, 1 Temporary Position. UGF funding for the Native Allotment Program will be replaced with a \$100.0 federal grant using existing receipt authority, and the existing permanent full-time position will be converted to a temporary position.
6	Fire Suppression, Land & Water Resources/ Forest Management & Development	Restore Forester in Haines	\$102.0 UGF 1 PPT Position	In the FY18 budget, the legislature approved a one-time increment to support a part-time forester position in the Haines State Forest, which allowed the Forestry office in Haines to remain open. The Governor's budget requested that the funding continue and be added to the base budget. This position maintains 46 miles of roads in the Haines State Forest and facilitates timber sales.
7	Fire Suppression, Land & Water Resources/ Geological & Geophysical Surveys	Replace General Funds with Program Receipt Authority Utilizing New Revenue from Seismic Data	Net Zero Change (\$200.0) UGF \$200.0 GF/ Program Receipts (DGF)	The department began charging fees for the release of seismic data that was given to the State as part of tax credit applications. The division will utilize the new fee revenue to offset UGF.

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Governor's Budget Items Approved as Requested (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
8	Agriculture/ Agricultural Development	Livestock Program Increments	Total: \$176.8 \$40.7 Federal Receipts \$61.1 UGF \$75.0 Ag Revolving Loan Fund (DGF) 1 PFT Position	The legislature approved two increases to the livestock program. The first is an increment of \$101.8 (\$61.1 UGF, \$40.7 Fed) for a Development Specialist position. The second is an increment of \$75.0 of Agriculture Revolving Loan Fund receipts to support a State Veterinarian position that was created by reclassifying a vacant Natural Resource Manager position. According to the department, the new State Veterinarian program in the Division of Agriculture will lead the livestock outreach and education while maintaining animal health standards. Legislative Fiscal Analyst Comment: This increment is a non-designated use of the ARLF. AS 03.10.040(b) designates the Agricultural Revolving Loan Fund to be used only for the cost of administering Chapter 10 (the Agriculture Revolving Loan Act) and for the operations of the Board of Agriculture and Conservation.
9	Agriculture/ North Latitude Plant Material Center, Agriculture Revolving Loan Program Administration	Livestock Program Decrements	Total: (\$176.8) (\$40.7) Federal Receipts (\$61.1) UGF (\$75.0) Ag Revolving Loan Fund (DGF) (1) PFT Position	An Agronomist II position in the North Latitude Plant Material Center is currently vacant. Due to difficulty recruiting, the position will be removed and responsibilities spread to other positions in the division. In addition, contractual services will be reduced in the Agriculture Revolving Loan Program in order to support the livestock program. These decrements, combined with the increment in the above item, net to zero.
10	Parks & Outdoor Recreation/ Parks Management & Access	Fund Change from UGF to Program Receipts	Net Zero Change (\$500.0) UGF \$500.0 GF/Program Receipts (DGF)	The department proposed a regulatory package to increase user fees, which is expected to increase fee revenue by \$600.0. The FY19 budget uses \$500.0 of this anticipated revenue to offset UGF.

**DEPARTMENT OF NATURAL RESOURCES
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Governor's Budget Items Denied

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
11	Fire Suppression, Land & Water Resources/ Mining, Land & Water	Northern Region Permits Reduction	(\$107.0) UGF (1) PFT Position	The legislature denied the Governor's request to delete a Natural Resources Specialist III position located in Fairbanks. The department and the legislature raised concerns that deleting the position would increase the division's permitting backlog.

Governor's Budget Items Approved with Modifications

Item #	Approp/Allocation	Description	Amount/Fund Source Requested	Amount/Fund Source Approved	Comment
12	Administration & Support/ Office of Project Management & Permitting	Alaska Geospatial Council	\$100.0 UGF	\$100.0 UGF (IncOTI)	The Alaska Geospatial Council was established in FY16 and has been funded by a capital project since then. The funding from this project will be insufficient to fund the Council in FY19, so the Governor requested a \$100.0 UGF increment as a budget amendment. It is expected that it would take a \$400.0 increment in FY20 to continue to fund the Council's activities. The legislature approved the \$100.0 request, but made it a one-time item.

Legislative Additions and Deletions

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
13	Administration & Support/ Office of Project Management & Permitting	Reduce Compensatory Mitigation Bank	(\$100.0) UGF	The legislature reduced funding for the Compensatory Mitigation Bank from \$200.0 UGF to \$100.0 UGF to more closely match expected spending levels. Also see item 18, which highlights an identical reduction in FY18.
14	Administration & Support/ Mental Health Trust Lands Administration	Increase Mental Health Trust Land Office Budget	\$326.0 MHTAAR (Other)	The Governor's budget funded the Mental Health Trust Land Office at the FY18 level, but the Trust requested an increase of \$345.2 MHTAAR (Other) to support expanded management of Trust lands. The legislature approved \$326.0 of this request, denying the portion that was to be used for merit pay increases.

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Legislative Additions and Deletions (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
15	Parks & Outdoor Recreation/ Parks Management & Access	Add Grants Administrator for Pittman-Robertson Fund (IncT FY19-21)	Total: \$84.0 \$63.0 I/A (Other) \$21.0 Vehicle Rental Tax (DGF) 1 Temp Position	The legislature added \$84.0 and one Temporary grants administrator position for projects funded by federal Pittman-Robertson funding. This position will be funded with \$21.0 Vehicle Rental Tax (DGF) and \$63.0 of interagency receipts (Other), the source of which will be federal Pittman-Robertson funds through the Department of Fish and Game. This position will be used to identify and administer Parks-related projects that qualify for Pittman-Robertson funding.
16	Parks & Outdoor Recreation/ Parks Management & Access	Fund Change from UGF to Vehicle Rental Tax	Net Zero Change (\$1,100.0) UGF \$1,100.0 Vehicle Rental Tax (DGF)	The legislature switched \$1.1 million of UGF for Vehicle Rental Taxes, based on increasing collections from that tax.
17	Fire Suppression, Land & Water Resources/ Fire Suppression Preparedness/ Activity	Increase Fire Suppression Preparedness by \$732.0 UGF for Aviation Contracts, and Reduce Fire Suppression Activity by \$732.0	Net Zero Change \$732.0 UGF Fire Suppression Preparedness (\$732.0) UGF Fire Suppression Activity	The legislature transferred \$732.0 UGF from Fire Suppression Activity to Fire Suppression Preparedness to pay for increased costs of aviation contracts. The department had planned to pay for the increase from Activity (without an increment), but this cost is more appropriately budgeted in Preparedness. The transfer of money from Activity to Preparedness will exacerbate the typical short funding of Fire Suppression Activity in all future years, as appropriations for suppression activity were rarely sufficient before the reduction/transfer.

FY18 Supplemental Appropriations

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
18	Administration & Support/ Office of Project Management & Permitting	Reduce Compensatory Mitigation Bank	(\$100.0) UGF	The legislature reduced funding for the Compensatory Mitigation Bank from \$200.0 UGF to \$100.0 UGF to more closely match expected spending levels. See also item 13, which made the same reduction in FY19.