

State of Alaska Office of Management and Budget

Department of Natural Resources FY2020 Governor's Amended Budget

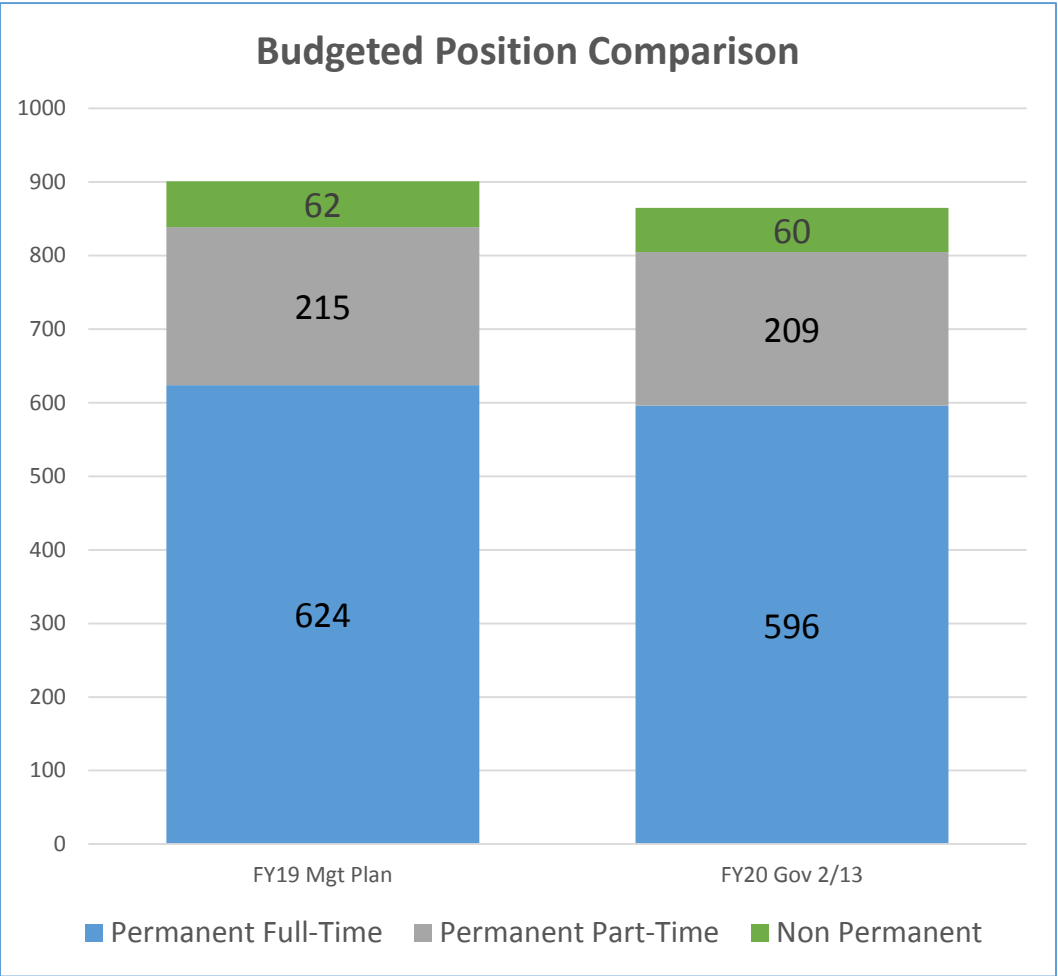
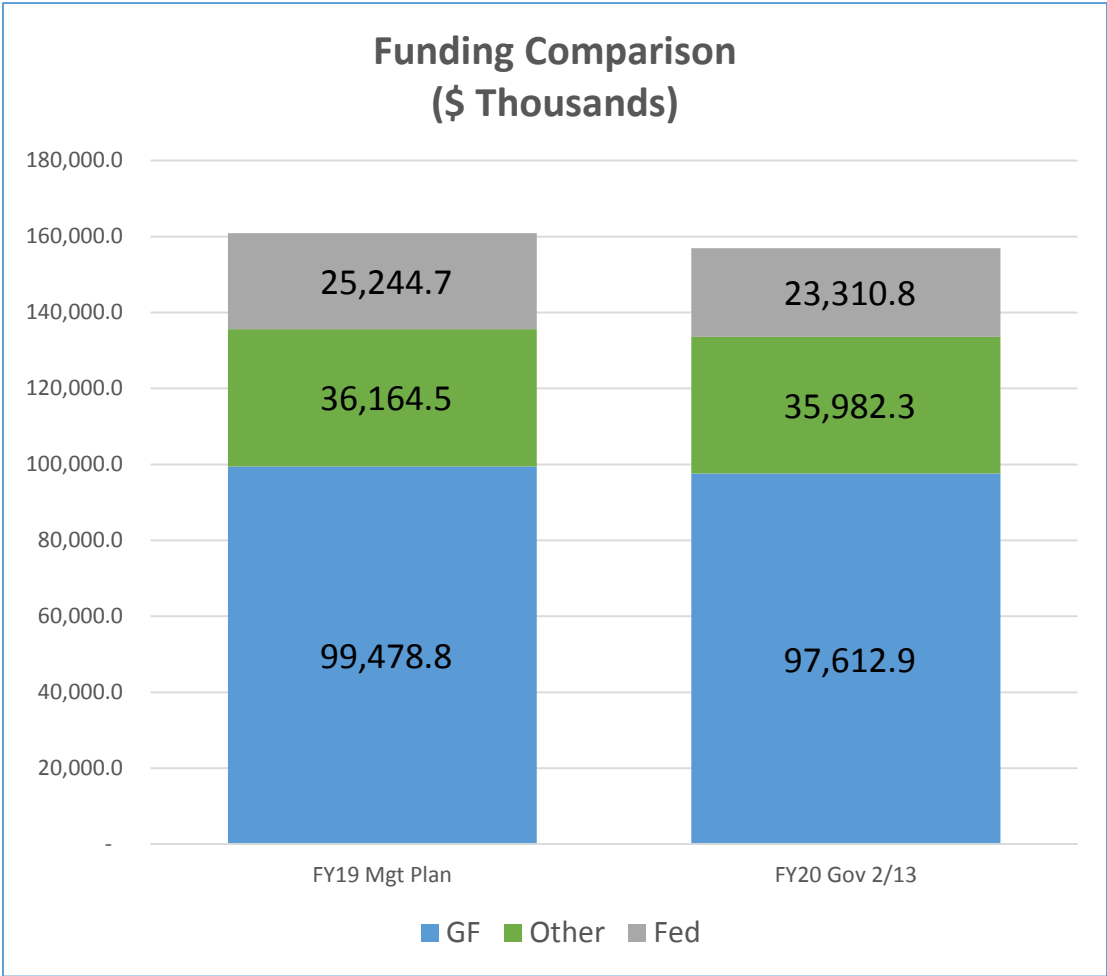
Presentation to the Senate Finance Subcommittee
March 27, 2019

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THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

FY2020 Budget: Department of Natural Resources



FY2020 Budget: Department of Natural Resources (\$ Thousands)

Recorder's Office Consolidation and Efficiencies (-\$408.0 DGF & -3 PFT, -2 PPT)

- Close Juneau Recorder's Office (-\$166.0, -1 PFT, -1 PPT)
 - Delete 1 filled PFT, 1 vacant PPT / Transfer 1 filled PFT, 1 vacant PFT to Anchorage
- Close Palmer Recorder's Office (-\$135.0, -1 PFT, -1 PPT)
 - Delete 1 filled PFT, 1 filled PPT / Transfer 1 filled PFT to Anchorage
- Close Fairbanks Recorder's Office (-\$101.0, -1 PFT)
 - Delete 1 filled PFT / Transfer 2 filled PFT to Anchorage
- Close Kenai Recorder's Office (-\$6.0)
 - Transfer 1 filled PFT, 1 filled PPT to Anchorage
- Revenue averages \$5.1M/year, expenditures average \$3.8M/year.
- Electronic and mail-in recording available statewide, walk-in for Anchorage.
- Evaluating solutions to address seasonal influx of mining documents.

FY2020 Budget: Department of Natural Resources (\$ Thousands)

Reduce Lower Priority Programs in Division of Agriculture

By Program	Total in Thousands	UGF	DGF	Other	FED	PCNs
Inspection	(380.5)	(154.6)	(1.4)	(20.0)	(204.5)	(2)
Marketing	(820.9)	(391.5)	(5.0)	-	(424.4)	(5)
Agricultural Veterinarian	(245.4)	(125.4)	(79.3)	-	(40.7)	(2)
Invasive Plant and Pest Program	(70.9)	(29.0)	-	-	(41.9)	(1)
Agricultural Land Sales	(169.4)	-	(169.4)	-	-	-
ARLF	(421.7)	-	(421.7)	-	-	(2)
Plant Materials Center Services	(566.6)	(420.1)	-	(72.3)	(74.2)	(5)
Plant Materials Center Production	(494.5)	(420.1)	(0.2)	-	(74.2)	(4)
Farm to Institution	-	-	-	-	-	-
Totals	(3,169.9)	(1,540.7)	(677.0)	(92.3)	(859.9)	(21)

FY2020 Budget: Department of Natural Resources (\$ Thousands)

Reduce Lower Priority Programs in Division of Agriculture

- Marketing – The state has fostered the expansion of the “Alaska Grown” brand program to the point that private industry could further advance the program without state assistance.
- Agricultural Veterinarian – Program not yet implemented; Department of Environmental Conservation has a State Vet.
- Farm to Institution – Promotes Alaska Grown in schools, correctional institutions and hospitals; more appropriately accomplished by industry.

Delete Agriculture Revolving Loan

- Promotes the development of agriculture via moderate interest rate loans but competes with private lenders. Currently 58 loans, \$8.0M owed, \$12.8M cash on hand. Loans will be transferred to Department of Revenue who will sell them; proceeds will go to the general fund.

FY2020 Budget: Department of Natural Resources (\$ Thousands)

Maintain Higher Priority Programs in Division of Agriculture

- Phytosanitary Inspections – For timber, wood products, peony, and mushroom exports.
- Invasive Species Program – Identifies and treats plant and freshwater invasives.
- Seed Production, Cleaning, and Testing
 - Grass seed used for reclamation and revegetation projects
 - Seed potatoes to produce virus and disease-free stock that are the foundation of Alaska's potato industry.
- Agricultural Land Sales – Fosters economic development by selling state land to individuals and businesses engaged in agriculture. Combining with Division of Mining, Land & Water's more robust land sales program to increase effectiveness and reduce costs.

FY2020 Budget: Department of Natural Resources (\$ Thousands)

Consolidate Parks Administrative Staff (-\$150.0 UGF & -1 PFT, -2 PPT)

- Three filled positions eliminated in Palmer, Soldotna, and Anchorage.
- These administrative staff are the front line staff answering questions from the public, processing funds collected in Iron Rangers, and issuing permits.
- The division will maintain services by continuing to modernize the fee collection system, going cashless, and transferring some duties to Anchorage.

Reorganization of the Recreational Trails Program (-\$100.0 CIP, -1 PFT)

- The program administers the National Recreational Trails federal grant program and the snowmachine trail grooming grant program.
- There is a corresponding Recreational Trails capital budget reduction of \$100.0 DGF.

FY2020 Budget: Department of Natural Resources (\$ Thousands)

Fully Integrate Pipeline Section into Division of Oil & Gas (-\$300.0 UGF & -3 PFT)

- Fully integrate the section and build synergies with related tasks such as leasing, permitting, and compliance.
- Reduce administrative positions, reduce confusion for applicants, and increase both efficiency and oversight of common-carrier pipeline Right-of-Way.

Statewide Support – Executive Branch 50% Travel Reduction (-\$530.8)
(-\$228.0 UGF, -\$126.7 DGF, -\$102.1 Other, -\$74.0 Fed)

- Excludes fire, federal funding for the Tongass Roadless Rule, and the coal inspection program.

FY2020 Budget: Department of Natural Resources (\$ Thousands)

Increase Wildland Fire Suppression Activity Base Budget (+\$8,400.0 UGF)

- Wildland fires are a fact of life in Alaska and the budget should reflect that reality.
- Increases base budget from \$5.2M to \$13.6M, the lowest spent in the last 10 years.
- In low fire years this will eliminate the need for emergency declarations.
- On average over the last ten years \$35.7M UGF is spent annually.

Add Reservoir Modeling Contractual Services to Base Budget (+250.0 UGF)

- Funding previously in the capital budget, and one time item of \$250.0 GF in FY2019.
- Cost effective to hire consultants to analyze reservoirs on the North Slope and Cook Inlet.
- Models are used to calculate where production originates in the reservoir and under which leases to ensure the State is getting the correct royalty share.
- A recent study resulted in an additional \$100 million in state revenue.

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Seismic Data Distribution and Public Release (+\$300.0 DGF & +1 PPT)

Division of Oil & Gas prepares the seismic data for release ten years after collection per AS 43.55.025. This includes large, complex datasets (25-250 terabytes) which can take upwards of one year to prepare for release and sale.

- \$50.0 to fund 1 PPT at the Geologic Materials Center to distribute seismic data.
- \$250.0 to fund the preparation of seismic data for release in Division of Oil & Gas.

Alaska Geospatial Council (+\$260.0 DGF & transfer 1 PFT)

- Improves geospatial coordination in Alaska, and fosters data sharing.
- Mapping is necessary to conduct business and manage resources, and rather than having multiple agencies spending money on data collection this model collects data once, and uses it many times.

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The House Finance Subcommittee did not forward these budget actions:

- Recorder's Office Consolidation & Efficiencies
- Reduce Lower Priority Programs in the Division of Agriculture
- Reorganization of the Recreational Trails Program

The House Finance Subcommittee forwarded these amendments:

- Delete \$210.8 UGF and 2 PFT for the Agricultural Veterinarian program
- Remove wordage: "At the discretion of the Office of Management & Budget, funding may be transferred between all appropriations in the Department."
- Approved the 3/14/19 Governor's technical amendment transferring \$71.7 LDIF from Agricultural Development to North Latitude Plant Materials Center.

Sustainable, Predictable, Affordable
