



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor

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February 25, 2021

The Honorable Senator Stedman
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 518
Juneau, AK 99801

The Honorable Senator Bishop
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 516
Juneau, AK 99801

Dear Co-Chairs Stedman and Bishop,

Thank you for inviting the Office of Management and Budget to present on the Governor's budget amendments to the Senate Finance Committee on Friday, February 19th. Responses to questions and requests for follow-up information from the committee hearing are included below:

Senator Hoffman asked why the entirety of repealed capital project funding was not reappropriated to the Alaska Capital Income Fund (Supplemental amendment items 10 and 11). The projects were reappropriated back to the fund from which they were originally appropriated.

Senator Bishop asked about the Department of Public Safety Trooper Academy's ability to collect fees from participating entities (Operating amendment item 15). All entities, including local/municipal police, attending the Department of Public Safety (DPS) Training Academy pay a share of expenses. DPS charges fixed rates set by the University of Alaska Southeast (UAS) as all attendees are required to enroll with UAS. Although DPS increases fees when UAS does, this doesn't necessarily cover the rising cost of providing training. Raising fees would shift some of the expenses to other State agencies (Alaska State Troopers, Alaska Wildlife Troopers, Village Public Safety Officers, Airport police and fire, and State Parks) as they make up the majority of Training Academy attendees. In fiscal years 2018 through 2020, municipal training academy graduates made up an average of 41 percent of all program graduates.

Senator Hoffman asked for more information about the Department of Transportation and Public Facilities geographic regions (Operating amendments items 19 through 28).

Please see the attached map illustrating the DOT&PF regions (Attachment 1), also available at the following URL:

<http://dot.alaska.gov/stwddes/dcsrow/campaignsigns/docs/DOTPF-Regions-July2015.pdf>

The Alaska Road Commission (ARC), an agency in the US Department of Interior, was created by Congress in 1905. Its defined purpose was to build roads and trails to facilitate ventures that would promote economic development in Alaska. The Southeast Panhandle was in the Tongass National Forest and never under the jurisdiction of Interior and the ARC. The ARC operated out of three hubs: Valdez, Fairbanks, and Nome.

World War II and the construction of the Alcan Highway changed the road system in Alaska, leading to Anchorage becoming the fourth hub, and Southeast the fifth. Each hub served roads in a portion of Alaska. The hubs were termed "Divisions." Division boundaries were determined primarily for the most efficient maintenance and administration of highways. In 1974, Governor Hammond created the Department of Transportation and Public Facilities (DOT&PF) which combined the State Department of Public Works with the Department of Highways. New Division boundaries had to be established, which changed the areas serviced to three Divisions – Northern, Central and Southeast, and the service areas were re-named "Regions."

In 2014/2015 the Department adjusted the regional boundaries for the first time in more than three decades. The Southeast Region (now known as Southcoast Region) was expanded to include the majority of the coastal communities along the gulf. Population trends and the requirements of the MAP-21 highway bill were the main drivers for implementing the change. The commonalities shared by coastal communities, which include Alaska Marine Highway System service, harbors, ports and coastal climates also contributed to this decision. Adjusting the regional boundary lines allowed the Department to balance the workload among the regions.

For reference, Alaska Statute Sec. 44.42.040 relates to DOT&PF departmental organization and the establishment of regions within the state.

Senator Hoffman asked about the 7 percent cost of living adjustment (COLA) for airport police, and Senator Bishop asked if airport police are funded with international airport receipts (Operating amendment items 29 and 30).

The Airport Police and Fire Officers were not included in previous classification adjustments and cost of living increases; therefore, increases were bargained into the new agreement to care for the recruitment and retention issues this group faced. This increase is funded with international airport receipts (fund 1027). Current bargaining unit contract link:

[PSEA-APFO Collective Bargaining Agreement \(alaska.gov\)](https://www.alaska.gov/psea-apfo/collective-bargaining-agreement)

Senator Hoffman asked about the deadline for applications to the Alaska Housing Finance Corporation's rental relief program (Operating amendment line 38). The deadline for Alaska Housing Rent Relief is March 5, 2021 at 11:59 p.m. The deadline was established to respond to U.S. Treasury guidance that requires us to prioritize relief for those at 50% of Area Median Income or below while also allowing us to identify the potential need across the state. Treasury requires a commitment of 65% of funds before September 2021 or it is possible that the funds could be recaptured. Following the deadline, AHFC will evaluate the number of requests received. If funding remains available, a second opening will be considered.

Senator Bishop asked further questions about the necessity of a state disaster declaration to enable receipt of the federal housing assistance funds. There is no requirement that the state have a disaster declaration in place to use the funds. The official end date is December 30th, 2021, but in the bill it states the funding could be extended with the Treasury's discretion.

Senator Wilson asked for statistics on students in the WWAMI program (Operating amendment item 40). There are 246 current WWAMI borrowers. Information on their loan status is attached (Attachment 2).

Senator Hoffman asked if there have been any concerns raised with the EVOS Trustees' purchase of the Bookey parcel and impact to local tax revenue. The Bookey parcel is a native allotment and therefore does not generate any tax revenue for the Kenai Peninsula Borough. The Department of Natural Resources has not received and opposition to the acquisition of the property and no opposition was expressed at the EVOS Trustee Council meeting when the funding for the project was approved. The Kenai city manager verbally expressed support for the project to the Parks Director as a means of moving traffic associated with the existing Eagle Rock boat launch out of the residential subdivision and mitigating overflow parking along the Kenai Spur Highway.

Don't hesitate to reach out to my office if you have further questions.

Sincerely,



Neil Steininger
Director

cc: Miles Baker, Legislative Director, Office of Governor Mike Dunleavy
Alexei Painter, Director, Legislative Finance Division