



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
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February 15, 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 fiscal year 2023 operating budget to the Senate Finance Committee on Friday, January 21st and Monday, January 24th. Responses to questions and requests for follow-up information from the committee hearing are included below:

Senator Hoffman asked for a list of funds swept under Alaska Constitution Article IX Section 17(b).

A list of sweepable funds is attached (attachment 1).

Senator Stedman asked what the general status of the U.S. Attorney General Barr grant received by the Department of Law and what is the funding outlook of that grant.

The AG Barr grant was initially for two rural prosecutors and one support staff. One prosecutor focuses on serious assault and homicide cases and the other focuses on sex offenses. As of October 1, 2022, the grant was in its last year. The Department of Law plans to apply for a second round of the grant as the prosecutors in these positions made significant and positive impact on criminal justice in rural Alaska. They handled large volume of work including several high-profile cases in rural Alaska. The Criminal Division also plans to discuss the accomplishments of the grant positions in more detail at the Senate Finance Subcommittee. If unsuccessful in securing additional federal funds, the Department will explore other options to maintain these valuable positions.

Senators Olson and Hoffman asked for the locations of the new trooper and support positions added in the Department of Public Safety budget.

Please see the attached list for locations of the new trooper and support positions added in FY2023 Governor's budget (attachment 2).

Senator Hoffman requested further information on Village Public Safety Officer (VPSO) contract requirements and whether recruitment and retention efforts are allowed activities under the existing contract terms.

Per AS 18.65.670 VPSO grantee organizations have the capability to utilize funds for both recruitment and retention efforts.

Senator Wilson asked if funds are being set aside in case of possible litigation relating the delay in criminal trials due to COVID-19.

It is not standard practice to reserve funds in anticipation of future litigation. Appropriations for judgements and settlements of the State are made after the fact as part of the annual budget process.

Ultimately, the Courts are responsible for issuing bail orders and setting trial schedules. The Department of Law Criminal Division has been proactive during the pandemic to minimize the risk anyone was held pre-trial for a longer period than they would have served if sentenced in a timely manner. Since shortly after the beginning of the pandemic, the Criminal Division has monitored the length of time individuals are held in custody as compared to the maximum sentence that that an individual could possibly receive. Prosecutors focused extending offers on low level offenses in where individuals have been held in custody, agreed to bail release when appropriate, and dismissed low level offense with bench warrants that were multiple years old. Additionally, defense attorneys may also alert the court if they believe their clients are languishing in custody and request bail hearings. The division is unaware of any individuals who have been held longer than the maximum sentence they could receive.

It is difficult to predict how quickly the criminal justice system will be able to move through the backlog, and while that happens, the division will continue to try to resolve low level offenses so that individuals are not spending more time in jail than is necessary.

Senator Wilson asked for a status update on the reopening of the Palmer Correctional Center.

Please see the Palmer Correctional Center project update from both DOC and DOT attached (attachments 3a & 3b).

Senator Stedman asked for an update on the fiscal year 2022 appropriation to the Department of Law for statehood defense.

Please see attached list for the current cases that the Department of Law has opened for statehood defense that are eligible for coverage by the \$4 million multi-year appropriation (attachment 4).

Senator Hoffman requested more information on the State's response to the Yukon and Kuskokwim rivers Chinook Salmon collapse.

A list of projects and funding being used to respond to the Yukon and Kuskokwim rivers Chinook Salmon collapse is attached (attachment 5).

Senator Wilson asked whether the State has insurance coverage for cybersecurity.

The State of Alaska does not have external Cyber Security insurance. OIT has been working with Risk Management to evaluate our position in terms of cost, availability and scope of potential coverage. To date it has not been a viable option.

Senator Hoffman asked for an opinion from the Attorney General on issues relating to rural school funding and the Kasayulie settlement.

The Department of Law has consistently advised that if the funding of REAA/small municipal district school construction is reduced proportionately to any reduction in the funding for school construction debt reimbursement for municipal districts, this does not violate the Kasayulie settlement.

Senator Stedman asked for an appropriation history for select statewide items.

Please see the transaction history for the requested statewide items attached (attachment 6).

Senator Stedman requested further details on the fiscal impact of Senate Bill 55.

A spreadsheet with agency SB 55 impacts by fund source is attached (attachment 7).

Senator Wilson requested information on the remaining federal COVID-19 relief funds and whether guidance had changed on any of the programs that gave more flexibility to the funding to allow more flexibility in appropriation authority.

Many of the federal COVID-19 relief funds have had their guidance change over the past year to provide clarity from the administering Federal agencies on allowability of certain expenditures, but none in such a way that would have altered the way in which they can be appropriated except for the State's discretionary COVID-19 relief funding.

Treasury released their "Final Rule" guidance (<https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>) on the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) on January 6, 2022. Attached with this response is an overview Treasury released on the final rule. Pages 4-5 outline key changes and clarifications in the final rule from the interim rule that was in place during last session. There is \$504.8 million in CSLFRF available for appropriation this legislative session that will need to align with the final rule.

There is also nearly \$112 million in Coronavirus Capital Project Funds that is available for appropriation and guidance for this funding was released in September 2021. (<https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>).

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

Sincerely,



Neil Steininger
Director

cc: Akis Gialopsos, Legislative Director, Office of Governor Mike Dunleavy
Alexei Painter, Director, Legislative Finance Division