



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor
OFFICE OF MANAGEMENT AND BUDGET
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February 22, 2023

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

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

The Honorable Donald Olson
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 508
Juneau, AK 99801

Dear Co-Chairs Stedman, Hoffman, and Olson,

Thank you for inviting the Office of Management and Budget to present an overview of the Governor's FY2023 supplemental budget to the Senate Finance Committee on February 6th, 2023. Responses to questions and requests for follow-up information from the committee hearing are included below.

1. Senator Wilson asked about FY2022 Fire Suppression/Preparedness activity and why there appears to be a lapse.

There appears to be a UGF lapse in FY2022 Fire Suppression Activity, due to the \$15 million in ARPA revenue replacement supplemental funding that was able to be utilized.

Authority:	
Base Budget	13,641.0
Declaration 1	20,000.0
Declaration 2	25,000.0
ARPA	15,000.0
Actuals	67,140.9
Difference	6,500.1

2. Senator Bishop asked how much of the FY2023 fire suppression supplemental is remaining for fires.

The supplemental submitted January 31st, was insufficient to cover spring fires. The supplemental budget amendments submitted February 14th, include the last \$1.2 million needed to cover fires from Summer and Fall of 2022, as well as an additional \$6.8 million for anticipated Spring 2023 fire activity.

3. Senator Hoffman asked about the Department of Correction's plan for managing situations where a correctional facility is over capacity.

The Department of Corrections has recently taken proactive measures to ensure that correctional facilities do not remain overcrowded. Capacity levels are checked daily and as numbers rise at intake facilities, the Classification Unit, Central Transportation Unit, Facility Superintendents, and Institutional Probation Officers work together to develop a plan to move offenders to remain below capacity.

4. Senator Wilson asked for more detail regarding the extent to which the Department of Corrections is contracting out work due to high vacancy.

The Department of Corrections is using emergency contract workers to cover various work such as food services, maintenance, medical, mental health and education/programs where needed. The department is also using on-call non-permanent positions for medical, mental health, and administrative vacancies. These efforts provide coverage while recruiting for permanent classified positions.

5. Senator Bishop asked if the administration has conducted an analysis to determine how changing to a 40-hour work week would reduce the need for supplementals related to over-time costs.

A meaningful response to this question requires in-depth analysis. The Department of Administration, Division of Personnel and Labor Relations is in the process of collecting the data necessary for a thorough analysis of this question in collaboration with the Office of Management and Budget. More information will be shared once that analysis is complete.

6. Senator Stedman asked for more information related to the increased utility costs within the Department of Fish and Game as it relates to fuel needs for hatcheries.

Hatchery utility costs have risen over the past two years due to the volatility in fuel oil and natural gas prices in the Fairbanks markets. For example, rates increased at the Ruth Burnett Sport Fish Hatchery (RBSFH) for natural gas, fuel oil and electricity 4.8%, 142.4% and 50% respectively, between FY2020 and FY2022. For perspective, in FY2022, annual consumption rates were 207,495 CCF of natural gas, 34,700 gallons of fuel oil, and 1,485,840 KWH of electricity—this is substantial consumption, so even small increases in utility rates can have a large impact on cost let alone what has occurred.

In comparison, William Jack Hernandez Sport Fish Hatchery (WJHSFH) operates on electricity and natural gas. Prices have been stable in the Anchorage market. The FY2023 allocation for utilities to this facility of \$880K reflects a \$50K reduction from the FY2022 level of \$931K to assist in covering the RBHSFH FY2023 increase.

Legislative authority appropriated to the new Anchorage and Fairbanks Hatcheries RDU in FY2023 is slightly less than the FY2022 level without any allowance to account for the higher utility/fuel costs.

Efforts are underway with the Department of Transportation and Public Facilities (DOT&PF) to conduct energy audits that hope to improve efficiencies at these facilities and translate into cost savings.

7. Senator Kiehl asked about the methodology behind deciding which parks to re-open, and whether or not there's a prioritized list.

The Division of Parks and Outdoor Recreation (DPOR) does not maintain a list or methodology to reopen parks because they are open to the public unless there is a reason to close. When situations arise that necessitate a temporary closure of a state park unit, DPOR works quickly to remedy and address those issues to reopen public access to outdoor recreation opportunities.

There are no DPOR park units permanently closed within Senator Kiehl's district. A park unit may have a gate closed during the winter months due to management decisions or budget limitations. Gates are closed to many campgrounds in the wintertime across the state due to lack of ability to plow and staff the unit. Many of these areas are converted into wintertime recreational opportunities including groomed ski trails. The division also maintains management control and the ability to limit specific recreational uses within each unit based on the above regulation.

A recent management decision in Haines making Portage Cove State Recreation Site (PCSRS) a day-use only area was based on an equitable allocation and use of facilities. This park unit is not designed as a campground, nor is it staffed with campground hosts that provide janitorial and maintenance duties like all other DPOR campgrounds.

DPOR would like to see PCSRS enhanced with additional day use opportunities to be a flagship recreational area for the residents and visitors to Haines. DPOR is working hard to provide world class campgrounds located very close to PCSRS at Chilkoot Lake State Recreation Site and Chilkat State Park. There are also several private campgrounds within Haines.

8. Senator Wilson asked about the locations of the cash rooms managed by the State, the amount of cash managed therein, and an estimate of the revenue collected from marijuana taxes.

Currently only one cash room is managed by the State of Alaska for tax collection in a State building in Anchorage. Total tax collections in FY2022 from Alaska's marijuana tax were \$28,690,918.00 (\$337,538.00 in penalties and interest). Of the total collected, the department received deposits in cash, check, money order, or wire transfer.

Most payments made by non-cash methods are from taxpayers who are not on the road system. It is cheaper to get a money order, for example, than to fly to Anchorage to make a payment. While the United States Postal Service has determined that it is illegal for a marijuana business to mail cash payments to Anchorage, they will allow a marijuana business to purchase money orders at the post office and mail those to Anchorage.

9. Senator Olson asked for additional details regarding the Advanced Air Mobility project.

The Advanced Air Mobility (AAM) Infrastructure study will result in a report that will inform Alaska's build out of NextGen technology to improve aviation safety and reliability. The study will include an

inventory of all existing state, public, federal, and military infrastructure assets and a gap analysis that highlights needs for the full implementation of AAM.

When one considers flying in the USA, Alaska is the most dangerous place to fly according to the FAA. The AAM is going to look at the current infrastructure and lack of infrastructure needed to keep our airspace safe. Forty-four percent of all midair collisions that take place in the US happen in Alaska. The State must build a lot of infrastructure if we are going to continue to support the communities that live off the road system (82%) and are dependent on aviation. This study will highlight what we do have, what we don't have and some potential solutions.

There's a lot of opportunities in front of Alaska to capture federal funding that can be utilized to improve the safety of Alaska's airspace. This study is exploring solutions that fit within current federal funding streams but will also highlight the needs that fall outside of current or conventional funding. Alaska's Congressional Delegates are aware of this effort and will help to secure funding solutions to Alaska's airspace concerns. This first AAM Gap findings will be shared with the Governor's Aviation Advisory Board next week.

10. Senator Hoffman requested confirmation regarding whether or not there are shortages for ice roads that need to be addressed.

Northern Region (NR) has \$250K in their budget for ice roads. They received an increment of \$50K in FY2013 for the ice road to Kiana (TORA with Northwest Arctic Borough (NWAB)) and \$200K in FY2023 (Tanana, Rampart, and NWAB). To the best of NR's knowledge there are no additional needs or identified shortages for ice roads.

In Alaska's Statewide Transportation Improvement Program (STIP) there is \$2 million in federal funding for Ice Roads and Seasonal Roads Maintenance Program. DOT&PF established a Safe Ice Roads for Alaska (SIRA) Program for communities to competitively access funding for ice roads. This funding has been awarded to communities, and the Native Village of Napaimute received just under \$500k for over 200 miles.

11. Senator Hoffman asked for information regarding how the Department of Health is responding to the SNAP (Food Stamp) program backlog.

Please see Attachment 1 – SNAP Program Response, which includes details regarding how the department is managing the backlog.

Sincerely,



Neil Steininger
Director

cc: Laura Stidolph, Legislative Director, Office of the Governor
Alexei Painter, Director, Legislative Finance Division