

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance

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MEMORANDUM

DATE: January 12, 2018

TO: Senator Lyman Hoffman, Senate Finance Co-Chair
Senator Anna MacKinnon, Senate Finance Co-Chair
Representative Paul Seaton, House Finance Co-Chair
Representative Neal Foster, House Finance Co-Chair
Senator Bert Stedman, Legislative Budget & Audit Chair

FROM:  David Teal
Director of Legislative Finance Division

SUBJECT: Agency responses to FY18 Legislative Intent Language

This memorandum restates FY18 legislative intent (*italics*) for each agency and provides agency responses (indented) to our request for status reports. Responses indicating non-compliance or partial compliance have been identified using bold font and yellow highlighting.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT**1. Grants to Municipalities (AS 37.05.315) /Anchorage - Police Department Patrol of the Seward Highway Between Anchorage and Indian**

Capital Budget (FCCS SB 23)

It is the intent of the legislature that the Municipality of Anchorage coordinate with the Department of Public Safety to patrol the Seward Highway.

The Department of Commerce, Community, and Economic Development will ensure the Municipality of Anchorage has been in contact with the Department of Public Safety prior to the execution of the grant agreement. The Department will include the intent language from FCCS SB 23, page 3, line 33 to page 4, line 3 in the grant agreement with the Municipality of Anchorage.

2. Department of Commerce, Community and Economic Development

Operating Budget (CCS HB 57)

It is the intent of the legislature that the department include expanding broadband access across Alaska as a goal in its comprehensive economic development strategy, and provide to the House Finance Committee, the Senate Finance Committee and the Legislative Finance Division, by December 1, 2017, strategies for promoting statewide broadband infrastructure and financing.

The Department of Commerce, Community and Economic Development comprehensive economic development strategy (CEDS) includes the objective to improve access to statewide broadband. The CEDS further lists the following action items:

- Update and implement key provisions from the Alaska Broadband Task Force Report.
- Encourage new federal infrastructure investment for critical broadband infrastructure needs.
- Utilize potential development projects in rural Alaska to meet surrounding community needs.

The Department plans to convene the identified objective partners during Fall 2017 to begin developing strategies to move the objective and action items forward. The Department will compile the requested strategies, and plans to deliver these strategies to the legislature by December 1, 2017.

Legislative Fiscal Analyst Comment:

- 1) A link to the Regulatory Commission of Alaska's Report to the Legislature regarding broadband can be found on the next page (see item 3).
- 2) The Division of Economic Development's report on strategies for promoting statewide broadband infrastructure and financing was delivered to the legislature by December 1, 2017 and the memo outlines a process to prioritize the strategies/objectives.

3) Work groups forming in January 2018 will plan specific action items to move the objectives forward.

3. Regulatory Commission of Alaska

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Regulatory Commission of Alaska provide to the House Finance Committee, the Senate Finance Committee and the Legislative Finance Division, by December 1, 2017, an analysis of Alaska's current broadband coverage and providers' planned coverage expansions, and a description of the remaining gaps in statewide broadband infrastructure and financing.

The Regulatory Commission of Alaska (RCA) acknowledges the legislative intent language, and will work with providers to report on the requested information. Some aspects of this request will require the voluntary participation of broadband providers. The RCA intends to submit an analysis by December 1, 2017.

Legislative Fiscal Analyst Comment: The RCA's Report to the Legislature was delivered on December 1, 2017 and can be found on the RCA's website at <http://rca.alaska.gov/RCAWeb/ViewFile.aspx?id=5474a6ad-e182-4574-a1f5-d1410e5beac9>

DEPARTMENT OF CORRECTIONS**4. Population Management**

Operating Budget (CCS HB 57) and Mental Health (CCS HB 59)

NON-COMPLIANCE

It is the intent of the legislature that the Commissioner of the Department of Corrections prioritize funding and implement solutions to the disparity in Alaska Native incarceration rates throughout the state.

The Department remains sensitive to regions with high Alaska Native incarceration rates and continues to expand and explore transitional options statewide including work-release, industries, programming, and housing as well as addressing other criminogenic needs. Resources are directed in an effort to identify specific criminogenic needs of all offenders to help in successful reentry while reducing recidivism.

Legislative Fiscal Analyst Comment: Although legislative intent requests that the department “prioritize funding and implement solutions to the disparity in Alaska Native incarceration rates,” the Department of Corrections appears to be directing resources toward the needs of all offenders. There is no mention of prioritizing funding and implementing solutions to address the disparity in Alaska Native incarceration rates.

5. Population Management/ Pre-Trial Services

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Department prioritize the use of existing community facilities and resources for the Pre-trial Services Division when appropriate.

The Department is partnering with local and rural law enforcement entities as well as reviewing available resources within DOC to provide Pretrial Services outside of the four Pretrial Offices being established within Anchorage, Fairbanks, Juneau, and Palmer. These efforts include partnerships with Regional and Community Jails as well as coordination with the Village Public Safety Officer program under Department of Public Safety. DOC will make every effort to make use of existing facilities whenever possible.

6. Population Management/ Electronic Monitoring

Operating Budget (CCS HB 57)

PARTIAL-COMPLIANCE

It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize expanding the Electronic Monitoring program to Bethel.

The Department of Corrections has amended the current electronic monitoring contract to allow expanded services to various locations. Efforts to implement electronic monitoring within the Bethel area are under review.

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT**7. Education Support Services/ Executive Administration**

Operating Budget (CCS HB 57)

It is the intent of the legislature that the State Board of Education report to the Alaska Legislature with findings and recommendations to ensure equity and affordable access to high speed internet, broadband services, and connectivity to all School Districts in Alaska. Further, it is the intent of the legislature that the State Board of Education address this in context of its Best Practices Initiative.

The State Board of Education & Early Development will continue to support broadband infrastructure in Alaskan schools by providing federal eRate application assistance. Additionally, within the constraints of staffing, the Board will ensure the Department of Education & Early Development (DEED) will collect annual school district broadband access data, foster strategic relationships with broadband providers, and leverage stakeholder involvement across DEED to develop statewide recommendations that ensure Alaskan schools have equity and affordable access to broadband services that support student outcomes. Broadband infrastructure has been a part of the Modernization and Finance committee's discussions as part of the Alaska's Education Challenge. In addition, modernizing the education system is one of the Board's five strategic priorities. The Board will provide the Alaska Legislature with the findings and recommendations in their annual report to the legislature.

<p>Legislative Fiscal Analyst Comment: The intent response indicates that the State Board of Education will provide the legislature with recommendations in its annual report to the legislature. This report is typically delivered at the beginning of the legislative session.</p>
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8. Teaching and Learning Support/Early Learning Coordination

Operating Budget (CCS HB 57)

It is the intent of the legislature that the State Board of Education evaluate and make recommendations on strategies to secure access to quality early educational opportunities for all Alaskan children. Further, it is the intent of the legislature that early learning be prioritized by the Department and State Board of Education as they set long term strategies to address Alaska's educational challenges.

The State Board of Education & Early Development appreciates the legislature's on-going efforts to provide targeted early educational opportunities within a comprehensive education continuum. The State Board of Education & Early Development also supports school districts' local efforts to incorporate early education programs to meet the needs of their students and families. Within the constraints of staffing, the Department of Education & Early Development is developing an Early Learning Plan to provide support to Alaska school districts and Head Start programs with access to quality, outcome based, early learning programs for all Alaskan children. Additionally, as final recommendations are submitted through the Alaska's Education Challenge committee work, the State Board of Education & Early Development will consider how to include early childhood education opportunities to improve the education system.

Legislative Fiscal Analyst Comment: Early Learning was addressed in the Alaska Education Challenge. Final recommendations from that process are expected to be adopted by the State Board of Education & Early Development.

9. Mt. Edgecumbe Boarding School

Operating Budget (CCS HB 57)

NON-COMPLIANCE

It is the intent of the legislature that the \$4,758,800 fund source change from Unrestricted General Fund to Public School Trust Fund be reversed in the FY19 budget.

The Department of Education & Early Development requested that the fund source be reversed back to General Fund for the FY19 budget.

Legislative Fiscal Analyst Comment: The FY19 Governor's budget did not reverse the fund source change.

OFFICE OF THE GOVERNOR**10. Office of the Governor/State-wide Agency Deferred Maintenance**
Capital Budget (FCCS SB 23)**PARTIAL-COMPLIANCE**

It is the intent of the legislature that the Office of the Governor prioritize the deferred maintenance needs of all state agencies and distribute this funding to address the highest priority issues.

The Office of the Governor will prioritize the needs of all state agencies and distribute the funding to address the highest priority issues.

Legislative Fiscal Analyst Comment: The Legislative Finance Division (LFD) was notified in September 2017 that the Governor’s Office had signed a Reimbursable Services Agreement (RSA) with the Department of Administration for improvements to the 7th and 8th floors of the State Office Building (SOB) in Juneau. The improvements were to include renovation of existing space and the purchase of office furnishings for the recently created Shared Services of Alaska Office. These improvements were intended to utilize state owned space in order to reduce private leased space.

While the merits of the project may be justified, the source of the funding for the RSA is the State-wide Agency Deferred Maintenance appropriation (Ch.1, Sec. 1, Pg. 5, Ln 4, TSSLA 2017). The intent of that appropriation is to address the highest priority needs of the approximate \$1.6 billion statewide deferred maintenance backlog. Intent language was included with the appropriation directing the Governor to distribute the funding for that purpose.

Upon initial review, LFD concluded that use of the appropriation for renovations and furnishings conflicts with legislative intent and may be outside the scope of the appropriation title. While a definition of “deferred maintenance” does not exist in statute, LFD continues to use the Federal Accounting Standards Advisory Board (FASAB) definition for “maintenance” and includes it every year in the Overview of the Governor’s Request publication as follows:

“Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventative maintenance, replacement of parts, systems, or components, and other activities needed to preserve or maintain the asset. Maintenance and repairs exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.”

“Deferred maintenance” would reasonably be projects falling into the above definition of “maintenance” that have been deferred to a later date due to budgetary or other constraints. The key part of the definition above, as applied to this use of the funding, is the exclusion of activities directed towards expansion or “upgrading” to serve needs different from their current use.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES**11. Department of Health and Social Services**

Operating Budget (CCS HB 57) and Mental Health (CCS HB 59)

It is the intent of the legislature that the Department of Health and Social Services submit a report of transfers between appropriations that occurred in the first half of FY2018 by January 30, 2018, and a report of transfers in the second half of FY2018, by September 1, 2018, to the Legislative Finance Division.

DHSS supports the legislative intent and will provide a report to the Legislative Finance Division by the prescribed dates.

Legislative Fiscal Analyst Comment: Compliance can be determined on January 30, 2018 when the initial report of FY18 transfers occurring in the first half of the fiscal year is due.

12. Juvenile Justice

Operating Budget (CCS HB 57)

It is the intent of the legislature that the appropriation made in sec. 30(b) of this Act remain in the base of the operating budget and not be made a one-time increment for the fiscal year ending June 30, 2018

DHSS supports the legislative intent and intends to include the identified funds in the ongoing annual funding for Nome Youth Facility.

Legislative Fiscal Analyst Comment: The FY19 Governor's budget included funding for the Nome Youth Facility in the base budget.

13. Public Health/ Nursing

Operating Budget (CCS HB 57)

It is the intent of the legislature that public health nursing develop a three-year plan to contract with community health centers and/or other health care providers to realize efficiencies while offering similar levels of services. The Department shall present the three-year phased plan to the finance committee co-chairs and the Legislative Finance Division by January 30, 2018.

Public Health/Nursing has developed a phased three-year plan to contract for public health nursing services with community health centers and/or other health care providers. The division is actively working to finalize a Request for Information (RFI). This is the first step in the process to solicit information from entities about their interest in and capacity to assume the full scope of public health nursing functions currently provided by any of the 16 public health centers and their respective catchment areas.

Information gained from the RFI will be used to inform a Request for Proposals in a competitive solicitation. Depending on the response to the RFP, year 2 would begin implementation with a pilot program transitioning services to external providers. Year 3 would continue successful program(s) and potentially expand the number of entities providing public health services. The Department will present the full three-year plan in our report to the Legislature, due by January 30, 2018.

14. Medicaid Services/ Senior and Disabilities Medicaid Services

Operating Budget (CCS HB 57)

It is the intent of the legislature that the level of funding for day habilitation services in assisted living homes be sufficient to provide a "soft cap" on recipients of up to 12 hours of services per week.

DHSS has amended 7 AAC 130.260 effective 10/1/17 to reduce the service of day habilitation to 624 hours per year or 12 hours per week for all recipients of the service, not just those who receive Group Home services. Under certain circumstances this reduction can be waived (soft cap).

When limits on the amount of waiver services are applied, the limits must not pose obstacles to the service achieving its stated purpose. Given the array of services available to participants in the Intellectual and Developmental Disabilities (IDD), Adults with Physical and Developmental Disabilities (APDD), and Children with Complex Medical Conditions (CCMC) waiver the Division believes that the reduction will not pose an obstacle to achieving the purpose of fostering the acquisition of skills, appropriate behavior, greater independence and personal choice. Waiver participants will still have access to other waiver and/or community services that can foster independence, such as: Waiver residential services (including Group Home residential habilitation); Waiver supported employment; Waiver respite; Other state/federal initiatives (e.g. employment services through the Division of vocational rehabilitation (DVR)); Natural supports and/or; Community volunteer supports.

Requests for service amounts exceeding the yearly cap will be reviewed by the Division to determine whether a limited amount of additional day habilitation hours are necessary to protect a recipient's health and safety and to prevent institutionalization. Exception requests will be reviewed in the context of individual's entire service plan and person-centered goals.

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS**15. Military and Veterans' Affairs**

Operating Budget (CCS HB 57)

NON-COMPLIANCE

It is the intent of the legislature that the Department of Military and Veteran's Affairs (DMVA) develop a report to the Co-Chairs of the Finance committees and Legislative Finance Division by December 1, 2017, identifying funding options available to the Alaska Military Youth Academy to generate revenue. The report shall include recommendations and limitations for tuition and fee structures based on income levels of applicants' households, and how to incorporate those recommendations into Fiscal Year 2019 budget for the Department. The report shall also include the impact of those recommendations on federal matching dollars and the Unrestricted General Fund budget.

The Department of Military and Veterans' Affairs appreciates the legislature's continue support of the AAMYA ChalleNGe program. Following discussion with National Guard Bureau officials, the establishment of a fee structure for prospective cadets and their families to participate in the ChalleNGe program is inconsistent with the program's intent and would result in an equivalent loss of Federal funding. Additionally, studies reveal States with ChalleNGe programs see financial benefits that exceed program costs. Furthermore, there are a number of proactive steps our AMYA team has taken to lessen the burden on the State of Alaska's General Fund.

The mission of AMYA is to help intervene in and reclaim the lives of Alaska's at-risk youth and produce graduates with the values, skills, education, and self-discipline necessary to succeed as adults. Established under authority of the National Guard Bureau (NGB), AMYA operates as a quasi- military, 17½ month residential and non-residential high school designed to lead, train, and mentor 16- to 18-year-old Alaskans who have left high school without receiving a credential. One of 35 award-winning programs nationwide, AMYA is located on Joint Base Elmendorf-Richardson, regionally accredited by the AdvancED-Northwest Accreditation Commission, and provides a drug-, alcohol-, and tobacco-free learning environment. Cadets are instructed in Life Coping Skills, Academic Excellence, Job Skills, Responsible Citizenship, Leadership/Followership, Health & Hygiene, Physical Fitness, and Service to Community. In addition to these skills, cadets work toward the completion of a GED, high school diploma, or credit recovery.

AMYA is one of sixteen programs DMVA oversees which is partially supported by Federal funding through a Master Cooperative Agreement (MCA) established with NGB under 32 U.S. Code § 509 - National Guard Youth Challenge Program of opportunities for civilian youth. Additional guidance is found in federal law and Department of Defense (DoD) Instructions. While these documents do allow States/Territories to apply additional funds to their portion of expenses, those additional funds fall into two categories: donations and program income. Donations are voluntary (from outside sources) and do not include funds from program participants or their families. Program income funds cover elements such as the US Department of Agriculture school lunch program. In discussing proposed participant fees with NGB officials, they advise some programs require candidates to purchase uniforms and supplies up front (or

bring certain items in the form of a supply list) to participate. However, there are none that directly charge applicants to participate, citing such a proposal as being counter to the intent of attracting low income, unemployed/underemployed candidates. Furthermore, if AMYA were to generate income through fees charged to cadets and their families, the MCA would require DMVA to return a corresponding level of federal funding. This is true for both actual funds and “in-kind” services.

While the program’s prime beneficiaries are the cadets themselves, AMYA’s activities accrue positive impacts to families, communities, and the entire state. A 2012 RAND Corporation “*Cost Benefit Analysis of the National Guard Youth ChalleNGe Program*” determined for every dollar expended on AMYA, \$2.66 was returned as direct benefits or costs avoided by shaping at-risk youth into responsible, productive citizens (Attachment 1).

Whereas, a share of costs to operate AMYA is borne by the State of Alaska, DMVA has taken active measures to minimize that burden. For example, we requested NGB advise us on the minimum amount of staffing required to operate the program and remain compliant with Federal directives. We are at that manning level now, having eliminated sixteen positions from the AMYA rolls in FY17. Additionally, we established a method by which we may accept donations to offset program costs through the Alaska Challenge Program, Inc., a 501(c)(3) entity established to provide Post-Secondary or Vocational Education scholarships for graduating cadets, and provide funds for activities not allowable under either federal or state funding .e.g. renting a location for parent visitations, Senior Fun Day activities, team building activities, etc.) (Attachment 2).

Furthermore, we remain constantly vigilant for opportunities to leverage other fund sources to support our program, having most recently explored the possibility of obtaining free painted recruitment advertising on AMYA’s buses and vans in exchange for a graphic design company being able to advertise their services.

Finally, cadets and their families aren’t fully exempt from providing some support to their enrollment. Prior to matriculation, cadets are provided a packing list of items needed for the program, materials that cost an average of around \$400. While most cadets and families are able to cover these costs, we do ensure those coming from less stable environments (homeless shelters, foster homes, or situations of extreme poverty) are assisted when necessary. We hope you find this helpful. Thank you for your continued support of AMYA and the DMVA. If you or members of your staffs have questions or would like additional information, please contact our AMYA Director, Mr. Bob Roses, at (907) 428-7301 or bob.roses@alaska.gov, or our AMYA Deputy Director, Dr. James Jones, at (907) 428-7302 or james.jones1@alaska.gov

Attachments:

1. RAND Corporation 2012 ChalleNGe Analysis
2. By Laws, Alaska Challenge Program, Inc

Legislative Fiscal Analyst Comment: According to DMVA, establishment of a fee structure is inconsistent with the program's intent and would result in an equivalent loss of Federal funding. A report on identifying funding options to generate revenue was not provided.

The Attachments listed above are available from the Legislative Finance Division.

DEPARTMENT OF PUBLIC SAFETY**16. Alaska Fire Standards Council**

Operating Budget (CCS HB 57)

NON-COMPLIANCE

It is the intent of the legislature that the Alaska Fire Standards Council increase fees to pay for more of its program costs.

The Alaska Fire Standards Council (AFSC) does not intend to increase user fees at this time. Since 2015, the AFSC has implemented two fee increases resulting in a 66 percent increase to service charges. Feedback from fire service personnel indicates additional fee increases may significantly impact each agency's ability to meet minimum fire service training and certification requirements, particularly in rural communities that have no tax base or source of revenue.

At its fall 2017 meeting the AFSC discussed the projected challenges in budgeting for future general fund allocations, and it is seeking action for alternative funding sources.

17. Village Public Safety Officer Program

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Commissioner of the Department of Public Safety prioritize a fully operational Village Public Safety Officer program and expand the program to benefit additional rural areas.

It is the intent of the legislature that the monies appropriated are for the sole purpose of hiring, training and supporting current or future Village Public Safety Officers. Unexpended monies shall be returned to the general fund.

The department continues to work closely with the ten grantee agencies to identify ways to improve and expand the Village Public Safety Officer (VPSO) program. Recruitment and retention of VPSO positions is a chief concern and is fundamental to both ensuring a fully operational program and to expanding the program to benefit additional rural areas. The grantee agencies have suggested ideas as to how recruitment and retention of VPSO's can be improved ranging from increasing VPSO salaries, to providing more training, to authorizing geographic differentials, to providing funding for costs that currently are the responsibility of local villages such as telephone and office space. The department will continue to work with its grantee partners to identify and implement solutions to meet the legislative intent to the extent possible.

The VPSO Program Office carefully reviews all budget amendment requests received from grantee agencies. Each request includes an explanation of the need and price quotes from suppliers and vendors. Approvals are based on the justified and demonstrated need to support current or future VPSO's. Unexpended funds are returned to the general fund.

18. Alaska Police Standards Council

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Alaska Police Standards Council reduce the subsidy for non-state entities who send recruits to training programs.

The Alaska Police Standards Council has already started implementing reductions in training subsidies to agencies. For example, the council is no longer approving funding for training events other than basic academies and is requiring agencies to fund their officers' attendance for the reciprocity academies. At its next meeting December 5, 2017, the council will consider additional measures to meet the legislative intent including setting a limit on the number of sponsored academy attendees each year based on revenue collected, and having agencies pay the full cost up front and then be reimbursed a portion of the costs upon successful graduation.

19. Council on Domestic Violence and Sexual Assault/ Council on Domestic Violence and Sexual Assault

Operating Budget (CCS HB 57) and Mental Health (CCS HB 59)

It is the intent of the legislature that recidivism reduction funding appropriated in this allocation may be used to fund victim services programs.

The Council on Domestic Violence and Sexual Assault will use recidivism reduction funding to support victim services programs.

20. Statewide Support/Commissioner's Office

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Department of Public Safety submit a report to the Finance Committees and Legislative Finance Division by November 15, 2017 which outlines a five-year plan describing current coverage gaps and impediments to success in the organization, as well as steps to successfully recruit and retain Alaska State Troopers (AST).

The report should consider and outline what is needed to meet the Alaska Constitutional intent of public safety through adequate AST coverage, and how the VPSO program could serve as a training feeder into the AST organization to leverage resident hire, training and regional representation.

A copy of the requested report was transmitted via email to the Senate and House Finance Committee Co-Chairs and Legislative Finance Division Director, David Teal, on November 15, 2017.

21. Statewide Support/Training Academy

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Training Academy increase the collection of fees from non-state sources to help cover the cost of the program.

Given the reduction in subsidies from the Alaska Police Standards Council for agencies who send recruits to training programs, the Public Safety Training Academy anticipates receiving an increase in the collection of fees to cover the cost of providing training.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES**22. Alaska Marine Highway System /Construction of a New Ocean Going Vessel To Replace the F/V Tustumena**

Capital Budget (FCCS SB 23)

It is the intent of the legislature that the new oceangoing vessel to replace the F/V Tustumena be constructed by a shipyard facility that produces the best value and most advantageous proposal to the state. The commissioner of transportation and public facilities shall award the contract using a competitive proposal procurement method unless the commissioner concludes, in writing, that the use of the competitive proposal procurement method is not in the best interests of the state. The Department of Transportation and Public Facilities shall consult with the Federal Highway Administration to determine whether an open and competitive proposal procurement method can be used.

The Alaska Marine Highway System (AMHS) is currently working with its consultant, procurement specialists, and the Department of Law to develop a procurement plan for the Tustumena replacement vessel that enables AMHS to select the competitive construction proposal that yields the best value and is the most advantageous to the State. Once this plan is finalized, AMHS will submit the plan to the Federal Highway Administration for review and approval.

23. * Sec. 21. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

Capital Budget (FCCS SB 23)

(o) It is the intent of the legislature that the Department of Transportation and Public Facilities use the appropriations made in (k) - (n) of this section to reprogram funding on previously authorized federal projects in order to clean up and lapse those older appropriations.

The Department of Transportation & Public Facilities has begun the process of identifying projects that have obligations from appropriations that are more than five years old. The department will systematically work through these projects to swap these older appropriations to the new appropriations which will allow the older appropriations to be lapsed. The department expects this process and the lapsing of these older appropriations to be completed in the next two years.

24. Design, Engineering and Construction

Operating Budget (CCS HB 57)

It is the intent of the legislature that the paused project "Knik Goose Bay Road Reconstruction: Vine to Settler's Bay" be resumed utilizing federal funds as available.

The Governor has authorized the department to resume development of the Knik Goose Road Reconstruction: Vine to Settler's Bay project using the 2012 GO Bond funds previously authorized by Alaska voters.

Legislative Fiscal Analyst Comment: The Knik Goose Bay Road (KGB) Vine to Settler's Bay project was originally funded with 2012 General Obligation Bond funding. The project was paused by the Governor, but has subsequently been authorized to resume development using the original funding source. In addition, the KGB Centaur to Vine project is a Federal-aid Highway project and is in final design and right-of-way acquisition. Both of these projects are anticipated to go to construction in the summer of 2020.

25. Design, Engineering and Construction

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Department of Transportation and Public Facilities not expend any funding to further study the privatization or optimization of its planning, design and engineering functions.

The Department of Transportation & Public Facilities (DOT&PF) has not expended funding to further study the privatization of its planning, design, and engineering functions. DOT&PF is committed to continuous improvement and it is possible efficiencies in planning, design, and engineering may be identified, resulting in optimization of functions.

26. Marine Highway System

Operating Budget (CCS HB 57)

It is the intent of the legislature that the Department of Transportation and Public Facilities Alaska Marine Highway System consider revising their discounted tariff program.

The Commissioner and management of the Department of Transportation and Public Facilities Alaska Marine Highway System (DOT&PF/AMHS) review discounted tariffs twice per year, the most recent review done in July 2017, prior to the posting of the winter schedules. Over the past few years, some discounted tariffs have been discontinued, while others have been reduced. As part of the review, the potential loss of traffic, and therefore loss of revenue, is weighed against the potential increase in revenue due to elimination of the discount. The Commissioner and management of DOT&PF/AMHS will continue to monitor all discounted tariffs and revise the discounts as needed in an effort to maximize revenues.

Legislative Fiscal Analyst Comment: Included in the FY19 Governor's budget submission is the elimination of the Winter Driver Discount program as a result of this intent language.

UNIVERSITY OF ALASKA**27. University of Alaska**

Operating Budget (CCS HB 57) and Mental Health (CCS HB 59)

It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration.

Since FY2014, Statewide Administration's unrestricted general fund has been reduced by 39.2%, while the University of Alaska Anchorage (14.6%), University of Alaska Fairbanks (10.4%) and University of Alaska Southeast (19.1%) have been reduced substantially less. Over the last several years, UA Statewide Administration has made a conscious effort to substantially reduce system level expenditures and assume a leadership role for Strategic Pathways.

Strategic Pathways (SP) is UA's framework for improving our service to the state and is the basis for many of the UA Statewide Administration reductions. SP is premised on the fact that each of our universities has unique strengths in meeting the state's needs and the reality that each campus cannot be everything to everyone. UA is reviewing all of its major academic programs and administrative services for how we can create a more sustainable university with more diverse revenue sources—where we seek quality, access, and cost effectiveness while we grow in service to our state at this critical time in our history. Additional information related to SP can be found here <http://www.alaska.edu/pathways/>

<p>Legislative Fiscal Analyst Comment: Between FY17 and FY18 Management Plan, the Statewide Programs and Services RDU was reduced 6.9%. The other three RDUs sustained cuts of only 1.8% - 2.3% in the last year.</p>
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JUDICIARY**28. Alaska Court System**

Operating Budget (CCS HB 57) and Mental Health (CCS HB 59)

PARTIAL-COMPLIANCE

It is the intent of the legislature that the court system raise the filing fee from \$200 to \$500 for Superior Court monetary damage claims of \$100,000 or more.

At the request of the legislature, the Alaska Supreme Court reevaluated and increased its filing fees, though the fee structure it adopted varies somewhat from what the legislature suggested in its intent language. The new fees will go into effect on January 1, 2018.

Legislative Fiscal Analyst Comment: The Supreme Court increased the filing fee from \$200 to \$250.

ALASKA LEGISLATURE

29. Budget and Audit Committee/Committee Expenses

Operating Budget (CCS HB 57)

It is the intent of the legislature that the \$300,000 Unrestricted General Fund reduction be restored in the FY19 budget.

A transaction restoring funding is included in the FY19 base budget.

NON-DEPARTMENT SPECIFIC INTENT

30. * Sec. 11. LEGISLATIVE INTENT FOR SECS. 1 - 4 AND 22 - 44 OF THIS ACT. *(a) It is the intent of the legislature that the amounts appropriated by secs. 1 - 4 and 22 - 44 of this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2018.*

Departments are informed of the legislature's intent and instructed to comply.

31. * Sec. 39. FUND CAPITALIZATION.

(f) The sum of \$57,000,000 is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028). It is the intent of the legislature to end the state oil and gas tax credit purchase program during the fiscal year ending June 30, 2018, and not to purchase transferable tax credit certificates for expenditures incurred on or after January 1, 2018, or to pay refunds or payments for expenditures incurred on or after January 1, 2018.

The legislature passed Chapter 3, SLA 2017 (HB 111), which addressed the intent.

32. * Sec. 41. RETIREMENT SYSTEM FUNDING.

(c) It is the intent of the legislature that the fiscal year 2019 budget for state retirement assistance not contain funding from the Alaska higher education investment fund (AS 37.14.750).

The Alaska higher education investment fund will not be used as a funding source for retirement system funding in fiscal year 2019.

<p>Legislative Fiscal Analyst Comment: The FY19 Governor's budget did not use Alaska higher education investment fund for retirement payments.</p>
