

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Finance (59)  
**RDU:** Centralized Administrative Services (13)  
**Title:** Affordable Care Act Reporting Compliance

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	110.0	0.0	0.0	110.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		110.0										

Part of the Affordable Care Act (ACA) compliance includes Internal Revenue Service (IRS) reporting, Employer Shared Responsibility Penalty compliance, and annual employee tax forms. Each of these components has specific requirements and rules that govern compliance. An analysis of historical employment records was conducted using various Initial Measurement Period and the Standard Measurement Period (IMP/SMP) that determine ACA compliance for new and ongoing employees. The results revealed a potential penalty of \$5,634.0 to \$26,091.5 depending on the IMP/SMP selected (i.e. 3-month, 6-month, 9-month, or 12-month). It is clear that an active management of employee status and pay history must be performed with a toolset that contains rules, tracks, identifies, and allows proactive action by management to prevent this severe penalty for non-compliance.

A variety of toolsets exist with compliance rules, detailed employee tracking for select IMP/SMP, and management reporting. A supplemental budget for \$110.0, which includes a \$30.0 setup cost, is needed to implement a solution to comply with ACA requirements.

The impact of this supplemental request is being considered for a FY2016 budget amendment.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Retirement and Benefits (64)  
**RDU:** Centralized Administrative Services (13)  
**Title:** Net Zero Fund Source Reallocation

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	1007 I/A Rcpts	-1.5										
	1017 Ben Sys	2,050.0										
	1029 P/E Retire	-1,168.5										
	1034 Teach Ret	-900.0										
	1042 Jud Retire	-10.0										
	1045 Nat Guard	30.0										

A net-zero fund source reallocation is based on the Division of Retirement and Benefits (DRB) cost allocation plan and is necessary to stay within the authorized fund source amounts. A net zero realignment has been historically requested and approved approximately every three to four years. This change will align projected expenditures with budgeted authorization.

This realignment will also correct the fund source allocation for the authorization requested and received for the Patient Protection and Affordable Care Act reinsurance program. The authorization requested should have been 100% Benefits Systems Receipts.

A similar net zero fund change is in the Governor's budget.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Office of Public Advocacy (43)  
**RDU:** Legal and Advocacy Services (11)  
**Title:** Guardian Ad Litem and Appellant Caseload Backlog

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	150.0										

The Office of Public Advocacy (OPA) requires supplemental funding for FY2015 due to continued caseload increases, specifically appellate caseloads and Guardian Ad Litem (GAL) appointments.

Appellate caseloads are up 70% since FY2012. Due to the no plea policy initiated by the Department of Law, the appellate and Post-Conviction Relief caseload will continue to rise for the foreseeable future. New deadlines were imposed by the Court of Appeals in FY2014 preventing multiple extensions of time to file the appeal. These hard deadlines cause OPA to outsource many more appeals when staff attorneys cannot meet these deadlines.

Guardian Ad Litem (GAL) appointments are up 30% in the last 6 months and up from 1,076 cases in FY2012 to 1,684 projected cases in FY2015. Parent attorney appointments are up 44% in the last six months and up from 720 cases in FY2012 to 1,218 projected cases in FY2015. The GAL and the parent attorney appointments represent hundreds of additional appointments and are triggered by the filing of petitions by the Office of Children's Services.

GALs are appointed in Child In Need of Aid (CINA) cases to represent the best interest of the children involved. In order to do their jobs properly a GAL needs to spend significant time with the children. They also need to conduct independent investigations regarding the child's home, school, relatives, family and friends, OCS and any other institutions significant to the particular child. In the case of older children, OPA is often also required to provide an attorney for each older child in addition to a GAL. The child's attorney represents the child's desires which are sometimes different than what is in their best interest as determined by the GAL.

Increasingly, GAL's are also appointed in Domestic Violence Restraining Order (DVRO) Cases when a petition is filed on behalf of a minor. These GAL appointments are up 83% since FY2012.

In parent attorney appointments, indigent parents of children in the CINA system have a constitutional right to an attorney just as in the criminal realm. In many cases there are more than two parents involved. For example, many cases have multiple children with different parents such as in a three or four (or more) child case with one mother and three or four different fathers - one for each child in the case. OPA provides attorneys for all indigent parents so in this example they would provide three or four parent attorneys and a GAL assuming the PDA does not conflict out of the other parent as well. In that case OPA would be responsible and pay for all four or five lawyers in addition to the GAL.

OPA is also responsible for taking cases from the Public Defender Agency when there is a conflict. The criminal trial rate has been increasing since the Department of Law went to a no plea policy in July of 2013. The increase in the criminal trial rate causes OPA to spend more in contract attorney costs, expert costs, travel, investigation etc. The increase in trials also increases appeals and Post-Conviction Relief cases.

This is a one-time increment.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Public Defender Agency (1631)  
**RDU:** Legal and Advocacy Services (11)  
**Title:** Caseload Capacity and Appellant Backlog

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	150.0	127.9	25.6	146.5	0.0	0.0	0.0	-150.0	0	0	0
	1004 Gen Fund	150.0										

The Public Defender Agency is currently maintaining five vacant positions to meet the authorized budget authority. Trial rate increases for the Criminal Division, case load increases for the Civil Division, and new deadlines imposed by the Alaska court of appeals to address appellate delay require the agency to obtain supplemental funding in order to meet constitutional obligations.

**Criminal Division:**

The Criminal Division is under significant pressure due to an increasing trial rate and increased open sentencing hearings from the Department of Law's (DOL) plea agreement policy. The statewide felony caseload declined 3% while the misdemeanor caseload increased 2% in FY2014. Although felony cases are generally down, some offices experienced significant increases: Palmer felonies increased 15% and Bethel felonies increased 18%.

The felony trial rate has been increasing steadily since FY2010. The increasing trial rate is driving up personal services costs and other litigation expenses beyond simple case appointments. Statewide felony trials increased 15% in FY2014. This is a 60% increase over FY2009. During this same period, however, the felony conviction rate fell from 77% to 60%. Felony convictions includes felony cases that result in a felony conviction after trial and exclude felony cases that result in only a misdemeanor conviction or no conviction.

It is worth noting that the 98 additional felony trials conducted in FY2014 over FY2009 resulted in only 31 additional felony convictions: a marginal felony conviction rate of approximately 32%. And the 34 additional felony trials conducted in FY2014 over the prior year resulted in no additional convictions: a marginal felony conviction rate of zero.

This is an important factor to consider when evaluating cost increases. More effective screening and negotiating would result in fewer felony cases going to trial with non-felony outcomes, which would lower overall case processing costs. Cases charged as a felony that proceed to trial are significantly more expensive to process than cases negotiated early or those filed originally as a misdemeanor. An increasing percentage of agency resources--expert expenses, along with witness travel, investigation, and attorney time--are allocated to felony cases that result in no felony conviction.

**Appellate Division:**

Criminal appellate matters have increased significantly from FY2010 to FY2014. Court of appeals matters increased 82% from FY2010 to FY2014. In FY2014, felony merit appeals increased 7%, misdemeanor merit appeals increased 56%, and sentence appeals increased 100%. These increases are likely due to the increasing trial rate and the DOL's plea agreement policy that favors open sentencing hearings.

It currently takes approximately 12 months before a case is assigned to an attorney for review. New deadlines imposed by the court of appeals to address the appellate backlog require the agency to increasingly engage contractors. The agency reallocated one attorney position to the appellate division when the Municipality of Anchorage assumed Anchorage misdemeanors. Nevertheless, continuing to engage contractors in FY2015 is necessary to meet the court's deadlines.

**Civil Division:**

Statewide civil matters increased 32% from FY2010 to FY2014. Civil matters in Anchorage have increased 76% during that same period. Based on the first

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**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Public Defender Agency (1631)  
**RDU:** Legal and Advocacy Services (11)  
**Title:** Caseload Capacity and Appellant Backlog

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP

quarter of FY2015, CINA cases are projected to increase another 43% statewide and 47% in Anchorage. This has a significant impact on PDA statewide because the Anchorage office handles civil cases exclusively and is responsible for oversight of civil litigation statewide.

In smaller offices, civil cases are handled by criminal attorneys. Oversight and consultation is a necessary component of competent review and litigation. The Anchorage caseload increases are, accordingly, undermining the agency's ability to manage cases statewide. Supplemental funding is necessary to maintain staffing levels and continue to support representation in smaller offices.

This is a one-time increment.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Commerce, Community, and Economic Development**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Alcoholic Beverage Control Board (2690)  
**RDU:** Alcoholic Beverage Control Board (614)  
**Title:** Production, Sale, and Use of Marijuana Startup and Implementation

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	785.7	56.1	16.6	200.0	513.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	785.7										

The State of Alaska, through the Alcoholic Beverage Control (ABC) Board, shall adopt regulations within nine months following the effective date of the Initiative, as required by AS 17.38.090. The initiative will take effect on February 24, 2015, which is ninety days after the election was certified. The responsibility for controlling marijuana will lie with the ABC Board until or unless a marijuana control board is established by the legislature within the Department of Commerce, Community and Economic Development (DCCED).

A local government may designate a local regulatory authority that would be responsible for processing applications submitted for the operation of a marijuana establishment within the boundaries of the local government. If the ABC Board fails to adopt regulations as outlined in the initiative, an applicant may submit an application directly to a local regulatory authority one year after the effective date of the law. In accord with AS 17.38.110, a local government may prohibit cultivating, manufacturing, testing, and selling marijuana through an ordinance or voter initiative. Local governments may also enact local ordinances or regulations for the governance of marijuana establishment operations as long as they are not in conflict with the initiative or regulations enacted pursuant to the initiative.

Funding in the first year is anticipated to be general funds, while future years may be funded by licensing fees collected from the regulated public. The impact of this supplemental request is being considered for a FY2016 budget amendment.

**Personal Services:**

All positions within the ABC Board are currently working at or above capacity. With the passage of the initiative, the workload of the ABC Board has the potential to double or triple over time. The ABC Board will require an additional three investigators (one in Anchorage, one in Fairbanks and one in Juneau) and two business registration examiners to regulate the marijuana industry, similar to the duties of current staff that regulate the liquor industry. The addition of an administrative officer will be necessary to support the added financial requirements. Two positions have already been added in FY2015: one business registration examiner and one administrative officer. These positions will allow the current records and licensing supervisor, enforcement supervisor (investigator IV) and division director to add marijuana regulation work to their existing workload.

**Travel and Per Diem:**

The FY2015 estimate includes travel for four persons (the three ABC staff in the above justification plus one employee of the Department of Law) traveling to Washington and Colorado for three days (per trip) to study regulation and enforcement in those states.

**Equipment and Office Space:**

The current plan is to move ABC's Anchorage investigators in with the Department of Revenue investigators in the Atwood Building. The remaining Anchorage based ABC staff would be moved into the Atwood Building on the 16th floor. Equipment and office space costs include lease costs, furniture, new employee setup, moving expenses, and equipment purchases.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Education and Early Development**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Foundation Program (141)  
**RDU:** K-12 Support (53)  
**Title:** Increase Public School Trust Fund Authority

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	2,000.0	0.0	0.0	0.0	0.0	0.0	2,000.0	0.0	0	0	0
	1066 Pub School	2,000.0										

The formula adjustment to the public school trust fund (AS 37.14.110) is an increase of \$2,000.0 and reflects the FY2015 total anticipated expenditure of \$12,000.0. The public school trust fund estimates are generated by the Department of Revenue.

General fund expenditures will be reduced by the same amount to offset the public school trust fund increase. The draw from the public education fund for the FY2015 foundation program expenditures is also reduced by \$2,000.0. Under (AS 14.17.300(b)) funds may be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in the FY2015 Foundation Program, a miscellaneous adjustment is used to track expenditures in the Foundation Program component.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Fish and Game**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Wildlife Conservation (473)

**RDU:** Wildlife Conservation (147)

**Title:** Wood Bison Transport

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	460.0	0.0	0.0	460.0	0.0	0.0	0.0	0.0	0	0	0
	1002 Fed Rcpts	345.0										
	1108 Stat Desig	115.0										

A federal Wildlife Restoration grant was submitted to the USFWS, December 2014 for \$460.0. The funding will be used for the transport phase of the project. Approval for the grant is expected by late January 2015. When the FY2015 budget was prepared late in 2013, the timeline for the authorization process to the landscape could not be accurately forecast, so federal spending authority was not sought for this project phase. As of December 2014, Safari Club International and Bass Pro Shops have donated to the State of Alaska \$95,000, and \$10,700, respectively. Those funds have been received. They have specifically expressed that the funds support the land transport phase of this project. Additional donations may also be forthcoming from some local chapters of the Safari Club. The donated funds will serve as the required 25% match to the federal Wildlife Restoration funds. The division could not have anticipated the need for Statutory Designated Program Receipt authority for this project. The actions pertaining to the effort became available during the summer of 2014. This robust effort is a one-time project to transport animals to the landscape. This is not a customary project for the division and would not be customarily budgeted.

No impact on the general fund is anticipated and no additional positions are required.

**Change Record Detail with Description (1440)**  
**Department of Health and Social Services**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Foster Care Base Rate (2236)  
**RDU:** Children's Services (486)  
**Title:** Growing Number of Children in Foster Care

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	2,300.0	0.0	0.0	0.0	0.0	0.0	2,300.0	0.0	0	0	0
	1005 GF/Prgm	2,300.0										

The growing number of children in care has contributed to the increase of collection in both child support and Social Security Income (SSI). HB126 increased the age children are allowed to stay in care, from 20 to 21, and also added the ability for children between 16-21 years of age who were released from foster care to voluntarily re-enter care.

In addition, the increase in general fund program receipt (GF/PR) collections is a direct result from the collaborating efforts between agencies and the work done by experienced staff reviewing and processing SSI payments.

A \$2,600.0 increase is included in the FY2016 Work in Progress budget.

FY2012 GF/PR collections: \$2,701.6  
 FY2013 GF/PR collections: \$3,143.7, a 16.3 percent increase over FY2012  
 FY2014 GF/PR collections: \$5,126.1, a 63.1 percent increase over FY2013

FY2015 GF/PR projections: \$5,300.0, or \$2,300.0 above the current FY2015 appropriation  
 FY2016 GF/PR projections: \$5,600.0, or \$2,600.0 above the current FY2015 appropriation

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Health and Social Services**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Foster Care Special Need (2238)  
**RDU:** Children's Services (486)  
**Title:** Growing Number of Children in Foster Care

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	950.0	0.0	0.0	0.0	0.0	0.0	950.0	0.0	0	0	0
1004 Gen Fund		950.0										

The growing number of children in care has contributed to an increased need in special needs services. Additional grant funds are needed so the children in state custody, as mandated by statute, receive funding for obligations that fall outside of monthly reimbursed rates.

It is a continuing challenge to keep pace with increased needs and increased cost for the varying needs of children and families. Federal requirements for visitation between children in custody and family members must be adhered to, thus, increasing travel costs particularly in the rural areas of the state.

The number of children in care is expected to increase by 20 percent in FY2015 compared to FY2014.

All Children in Alaska OCS Out-of-home placement:  
 November 2012 - 1,984  
 November 2013 - 2,083  
 November 2014 - 2,412  
 Projected November 2015 - 2,894

The impact of this supplemental is being considered for a FY2016 budget amendment.

**Change Record Detail with Description (1440)**  
**Department of Health and Social Services**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Subsidized Adoptions & Guardianship (1962)  
**RDU:** Children's Services (486)  
**Title:** Growing Number of Children in Subsidized Adoptions and Guardianship

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	3,400.0	0.0	0.0	0.0	0.0	0.0	3,400.0	0.0	0	0	0
	1002 Fed Rcpts	1,700.0										
	1003 G/F Match	1,700.0										

Due to the steady increase in the number of subsidized adoptions and guardianships and increased rates associated with each subsidy, the current budget does not meet the anticipated expenditures for this program.

This supplemental will provide funding to cover both the increased numbers of subsidized adoptions and guardianships as well as increased rates paid for children entering into a subsidized adoption or guardianship.

The subsidized adoption and guardianship program facilitates permanent placements in adoptive and guardianship homes for an increasing number of children in custody whose special needs make them hard to place. Adoption and guardianship is considered for children who cannot return to their parents. The cost associated with maintaining the subsidized adoption and guardianship program has increased by \$7.0 million or 32 percent since FY2009.

At the end of FY2014, 3,074 children were living in permanent homes assisted through subsidized adoptions and guardianships. The program has experienced steady growth each year for more than ten years. Since FY2009 the number of subsidized adoptions and guardianships has steadily increased at a rate of 3.9 percent annually. Since FY2009 the expenditures have increased at a rate of seven percent annually. Office of Children's Services (OCS) receives an estimated 50 percent federal reimbursement for this program.

While it is difficult to point to one definitive reason for the growth, we do see elements that appear to be growing trends. Some of those contributing factors: annual rate of children in out of home placement is growing, the special needs of many of these children are more complex in nature, many of the families require the maximum amount allowable based on the child's needs, and the rising cost of treatment services.

Additionally, OCS increased foster care rates twice in recent years; in July 2008 and again in July 2013, following a lawsuit. In addition to the change in basic foster care rates, in July 2013 a significant increase was made to the augmented care rates. Augmented care rates provide additional assistance to families caring for children with needs for a higher level of care due to special needs. Subsidized adoption and guardianship rates are tied to the current foster care rate. Therefore, the increase in foster care rate affects the subsidy expenditures.

With the increase in the rate of foster care placements because of the increase of children requiring out of home placement, it is anticipated that the need for subsidized adoptions and guardianships will also continue to increase.

If this is not funded the Office of Children's Services will not be able to fully fund permanent placements through adoptive or guardianship homes for the increasing number of children in state custody for whom special needs make them hard to place. Adoption is viewed as the most permanent placement for a child and is, therefore, the preferable option. This also would affect the division's ability to fund guardianships, which are considered for children who cannot be placed for adoption but for whom a reasonably permanent home can be provided through guardianship. This is often the best choice for children who cannot live with their parents but who continue to maintain an important emotional tie with their families that should not be severed.

The impact of this supplemental is being considered for a FY2016 budget amendment.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Health and Social Services**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Health Care Medicaid Services (2077)  
**RDU:** Medicaid Services (595)  
**Title:** Medicaid Advanced Provider Payments

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	92,000.0	0.0	0.0	0.0	0.0	0.0	92,000.0	0.0	0	0	0
	1004 Gen Fund	92,000.0										

On October 1, 2013, the State of Alaska transitioned to a new Medicaid Management Information System (MMIS), Enterprise, which is managed by Xerox. The new system is designed to process and pay claims submitted from Medicaid providers.

Due to multiple system defects, in the early stage of implementation, some portion of the claims submitted for Medicaid services rendered were being denied or placed in a suspended status, rather than being paid. This caused significant financial hardship for providers, threatening the solubility of smaller provider agencies and jeopardizing continued availability of healthcare services to Medicaid eligible clients statewide. The division of Health Care Services (HCS) developed criteria for eligible providers to request advances to ensure continued access to health care services for Alaska residents and to offset the adverse financial impact created by the MMIS system conversion. This eventually resulted in general fund advances to approximately 800 Medicaid providers during FY2014 because system defects and claim processing issues prevented processing and payment of claims for services.

At the end of FY2014 the department recognized the \$130 million of advance payments to providers as expenditures and, after obtaining approval from the Centers for Medicare and Medicaid, manually assigned financial coding with either 50 percent or 100 percent federal match rate and not in excess of the recorded advance payments previously issued to the providers.

After the fact, Legislative Audit determined the advance payments could not be recognized as expenditures and therefore were not in fact eligible for a federal match. Legislative Audit required the department to re-consolidate and re-record the FY2014 advance payments against the component's FY2015 general funds. (Despite approval from the Centers of Medicare and Medicaid Services on the manual adjudicated claims process implemented by DHSS, Legislative Audit asserts the claims were not priced or determined eligible by the Medicaid rules, but rather were based on billed amounts in suspended claims, and allocated to accounting structures with a federal match based on prior year expenditure trends.)

The re-recording of these FY2014 advance payments against the FY2015 budget's general funds resulted in a decrease of overall expenditures for FY2014 from \$1,457,645.5 to \$1,326,760.1 and a general fund lapse of \$118,313.0. Pushing payments forward to the current fiscal year has increased the overall FY2015 projected expenditures from \$1,563,731.5 to \$1,694,616.9 and generated a projected general fund shortfall of approximately \$92,000.0.

The department is unable to manage within its existing Medicaid program resources because the Enterprise system defects had not yet been quantified during the fall 2013 preparation of FY2015 budget. Lack of timely and complete corrective action by Xerox to deploy fixes and/or reprocess incorrectly suspended and denied claims continue to contribute to problems with quantifying financial needs.

If the request is not funded, the Medicaid program is projected to run out of general funds in approximately May of 2015, and thereafter, and all claims submitted through the end of FY2015 will not be paid.

This is a one-time change request.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Treasury Division (121)

**RDU:** Taxation and Treasury (510)

**Title:** Investment Management of Retiree Health Insurance Fund - Long Term Care

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	9.7	0.0	0.0	9.7	0.0	0.0	0.0	0.0	0	0	0
	1017 Ben Sys	9.7										

The investment management costs for the Retiree Health Insurance Fund - Long Term Care under management have increased. Investment assets under management have experienced a continued growth.

Investment management fees are charged as a percent of the market value of invested assets under management. Fluctuations in the market affect the value of the assets, which in turn affects the amount of management fees.

A \$11.3 increase is included in the FY2016 Governor's budget.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Treasury Division (121)

**RDU:** Taxation and Treasury (510)

**Title:** Investment Management of Public School Trust Fund

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	12.3	0.0	0.0	12.3	0.0	0.0	0.0	0.0	0	0	0
	1066 Pub School	12.3										

The investment management costs for the Public School Trust Fund under management have increased. Investment assets under management have experienced a continued growth.

Investment management fees are charged as a percent of the market value of invested assets under management. Fluctuations in the market affect the value of the assets, which in turn affects the amount of management fees.

A \$13.8 increase is included in the FY2016 Governor's budget.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Treasury Division (121)

**RDU:** Taxation and Treasury (510)

**Title:** Investment Management of Power Cost Equalization Endowment Fund

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	24.7	0.0	0.0	24.7	0.0	0.0	0.0	0.0	0	0	0
	1169 PCE Endow	24.7										

The investment management costs for the Power Cost Equalization Endowment Fund under management have increased. Investment assets under management have experienced a continued growth.

Investment management fees are charged as a percent of the market value of invested assets under management. Fluctuations in the market affect the value of the assets, which in turn affects the amount of management fees.

A \$28.7 increase is included in the FY2016 Governor's budget.

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Alaska Retirement Management Board Custody and Management Fees (2812)

**RDU:** Taxation and Treasury (510)

**Title:** Investment and Custody Fees

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	10,100.0	0.0	0.0	10,100.0	0.0	0.0	0.0	0.0	0	0	0
	1029 P/E Retire	7,652.9										
	1034 Teach Ret	2,365.1										
	1042 Jud Retire	65.0										
	1045 Nat Guard	17.0										

The cost of investment and custody fees for assets under management has increased. Investment assets under management have experienced a continued growth.

Investment management fees are charged as a percent of the market value of invested assets under management. Fluctuations in the market affect the value of the assets, which in turn affects the amount of management fees. The Treasury Division relies on the 5-year expected return provided by an external investment consultant to project asset values. Projected investment management fees are calculated using projected asset values plus a 5% contingency which is added to allow for unanticipated upswings in market performance and asset values.

The Treasury Division will continually monitor financial market activity for any significant changes affecting these estimates.

A \$18,200.0 increase is included in the FY2016 Governor's budget.

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** AMBBA Operations (108)  
**RDU:** Alaska Municipal Bond Bank Authority (44)  
**Title:** Alaska Municipal Bond Bank Authority Regulatory Environment

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0	0	0
	1104 MBB Rcpts	50.0										
<p>Alaska Municipal Bond Bank Authority (AMBBA) operating expenses have increased due to new costs associated with regulatory oversight changes in the municipal bond market (Direct cost- Borrowing).</p> <p>There are 2 recent Securities and Exchange Commission (SEC) rules that became effective 7/1/2014.</p> <ol style="list-style-type: none"> <li>1. the Municipal Advisor Rule requires more AMBBA employees to register with the SEC.</li> <li>2. the Municipalities Continuing Disclosure Cooperation (MCDC) rule requires ongoing disclosures on debt. The State of Alaska must retroactively fix past errors where a comprehensive annual financial report and other backup documentation was not attached to investment identification numbers (CUSIPS).</li> </ol> <p>Due to increased expenses associated with changes in the regulatory oversight environment of the municipal bond market, AMBBA requires \$50.0. As a result of the Dodd-Frank Act there have been new requirements placed on bond counsel, financial advisor, as well as AMBBA staff or new contractors. Municipal advisors are required to provide more broad certifications of bond issue pricing to ensure low cost, but this requirement adds liability and administrative burden that AMBBA expects to be passed through to the issuers. Market disclosure has become a key issue as well with a huge increase in market scrutiny of past filings and emphasis on timely future filings for all aspects of this undertaking no matter how small. Many issuers are hiring contractors to facilitate this work.</p> <p>A \$50.0 increase is included in the FY2016 Governor's budget.</p>												
<b>Totals</b>		<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Alaska Retirement Management Board (2813)

**RDU:** Taxation and Treasury (510)

**Title:** Technical Adjustment to Change Fund Code from Retirement Systems to Benefit Systems

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	1017 Ben Sys	2,671.9										
	1029 P/E Retire	-1,934.5										
	1034 Teach Ret	-729.7										
	1042 Jud Retire	-7.7										

A technical adjustment is required to reduce P/E Retire (1029), Teach Ret (1034), Jud Retire (1042) and increase Ben Sys (1017). This change will allow the Alaska Retirement Management Board to properly allocate costs to the appropriate Alaska Retiree Health Care Trusts.

A technical adjustment is included in the FY2016 Governor's amended budget.

Numbers Only

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Alaska Retirement Management Board Custody and Management Fees (2812)

**RDU:** Taxation and Treasury (510)

**Title:** Technical Adjustment to Change Fund Code from Retirement Systems to Benefit Systems

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	1017 Ben Sys	4,399.8										
	1029 P/E Retire	-3,535.6										
	1034 Teach Ret	-853.8										
	1042 Jud Retire	-10.4										

A technical adjustment is required to reduce P/E Retire (1029), Teach Ret (1034), Jud Retire (1042) and increase Ben Sys (1017). This change will allow the Alaska Retirement Management Board to properly allocate costs to the appropriate Alaska Retiree Health Care Trusts.

A technical adjustment is included in the FY2016 Governor's amended budget.

**Change Record Detail with Description (1440)**  
**Department of Revenue**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Alaska Retirement Management Board Custody and Management Fees (2812)

**RDU:** Taxation and Treasury (510)

**Title:** Technical Adjustment to Change Fund Code from Retirement Systems to Benefit Systems

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
N	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	1017 Ben Sys	18,834.2										
	1029 P/E Retire	-14,229.6										
	1034 Teach Ret	-4,548.6										
	1042 Jud Retire	-56.0										

A technical adjustment is required to reduce P/E Retire (1029), Teach Ret (1034), Jud Retire (1042) and increase Ben Sys (1017). This change will allow the Alaska Retirement Management Board to properly allocate costs to the appropriate Alaska Retiree Health Care Trusts.

A technical adjustment is included in the FY2016 Governor's amended budget.

**Edna Bay Organizational Grant**

**FY2015 Request: \$75,000**  
**Reference No: 60434**

**AP/AL:** Appropriation  
**Category:** General Government  
**Location:** Edna Bay  
**Impact House District:** Sitka/Petersburg (HD 35)  
**Estimated Project Dates:** 04/19/2015 - 06/30/2017

**Project Type:** Economic Assistance  
**Recipient:** Edna Bay  
**House District:** Sitka/Petersburg (HD 35)  
**Contact:** Jeanne Mungle  
**Contact Phone:** (907)465-2506

**Brief Summary and Statement of Need:**

AS 29.05.180 provides for an organizational grant to a newly formed city to help defray the cost of formation/transition. The Edna Bay voted to incorporate on September 16, 2014. The election was certified on October 2, 2014. The statute states that the payment will be made 30 days after certification of the election, or as soon after that as money is appropriated and available. A supplemental is necessary to comply with State statute.

<b>Funding:</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>Total</b>
Gen Fund	\$75,000						\$75,000
<b>Total:</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

**Project Description/Justification:**

AS 29.05.180 provides for an organizational grant to a newly formed city to help defray the cost of formation/transition. The grant is distributed over two years, at \$50,000 the first year and \$25,000 the second year.

**Change Record Detail with Description (1440)**  
**Department of Administration**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Finance (59)

**RDU:** Centralized Administrative Services (13)

**Title:** Outsource Single Audit for Health and Social Services Major Federal Programs (FY15-FY17)

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	MultiYr	1,317.9	0.0	0.0	1,317.9	0.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	1,317.9										

Division of Legislative Audit (DLA) has conducted the single audit on the State of Alaska since the fiscal year ended June 30, 1989. DLA has had ongoing difficulties in acquiring and retaining sufficient audit staff to continue the number of audits performed annually to support the statewide single audit. Outsourcing the audit of major federal programs for Department of Health and Social Services (DHSS) will provide the most relief to DLA staffing shortage and was proposed in late September 2014. DLA will serve as group auditor and conduct the single audit of the State of Alaska in accordance with the Single Audit Act Amendments of 1996, U.S. OMB Circular A-133, and other federal requirements.

The DHSS single audit is performed annually. It is anticipated that the contract will be for three years with four optional one year renewals for a total contract period of seven years. Currently, it is DLA's intent to resume the DHSS audit after the IRIS audit and a number of CAFR audits have been performed using the IRIS structures and system.

The outsourcing of DHSS single audit of major federal programs will commence with the FY2015 Single Audit and therefore requires timely acquisition of a suitable audit firm. The memorandum billing for FY2014 DLA audit services to DHSS totaled \$1,317.9 which is being used as the basis for this supplemental budget increment. This is a multi-year increment.

Language: The sum of \$1,317,900 is appropriated from the general fund to the Department of Administration, centralized administrative services, finance, for the purpose of paying for the single audit for the Department of Health and Social Services for the fiscal year ending June 30, 2015, June 30, 2016, and June 30, 2017.

**Change Record Detail with Description (1440)**  
**Special Appropriations**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Judgments, Claims and Settlements (3008)  
**RDU:** Judgments, Claims and Settlements (615)  
**Title:** Alaska Correctional Officers Association Settlement

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	3,000.0	0.0	0.0	3,000.0	0.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	3,000.0										

Per Letter of Agreement between the State of Alaska and the Alaska Correctional Officers Association (ACOA), signed October 24, 2014, the state will dismiss Supreme Court Case No. S15701 regarding 12-hour shift scheduling grievances. The state will pay ACOA a one-time lump sum of three million dollars for ACOA to distribute as it sees fit in order to make officers whole for the overtime liability incurred on the officer's guaranteed week-off.

Language:

The sum of \$3,000,000 is appropriated from the general fund to the Department of Administration, labor relations, for the purpose of paying costs associated with the Alaska Correctional Officers Association settlement for the fiscal year ending June 30, 2015.

**Change Record Detail with Description (1440)**  
**Department of Commerce, Community, and Economic Development**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Statewide Project Development, Alternative Energy and Efficiency (2888)

**RDU:** Alaska Energy Authority (453)

**Title:** Emerging Energy Technology Projects Data Collection and Technical Assistance (FY15-FY17)

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	MultiYr	345.0	0.0	0.0	345.0	0.0	0.0	0.0	0.0	0	0	0
	1002 Fed Rcpts	345.0										

Additional federal receipt authority is needed for a Denali Commission award for data collection and technical assistance activities related to the second round of emerging energy technology projects. The award is dependent on Alaska Energy Authority's (AEA) having authorization to receive the funds. This award will allow AEA to establish and execute data collection plans for emerging energy technology fund project awards that were funded in the FY2014 capital budget. Activities include verifying the data collection methods used by each project grantee, receiving performance data collected during the life of the projects, and evaluating technology performance. AEA will prepare a report for the Denali Commission that will include a critical evaluation of technology demonstrated by the projects and an assessment of the potential for future use of the technology in Alaska.

Multi-year authorization through June 30, 2017 is requested to cover the performance period of the federal award. A similar request is being considered for a FY2016 budget amendment.

**Language:**

The sum of \$345,000 is appropriated from federal receipts for energy projects to the Department of Commerce, Community and Economic Development, Alaska Energy Authority for operating costs associated with emerging energy technology fund data collection for the fiscal years ending June 30, 2015, June 30, 2016, and June 30, 2017.

**Repeal Ormat Nevada, Inc. - Mount Spurr Geothermal Project**

**FY2015 Request: \$-1,999,972**  
**Reference No: 52547**

**AP/AL:** Appropriation  
**Category:** Development  
**Location:** Homer  
**Impact House District:** Kenai Areawide (HD 29-31)  
**Estimated Project Dates:** 04/19/2015 - 06/30/2019

**Project Type:** Energy  
**House District:** Homer/South Kenai (HD 31)  
**Contact:** Jeanne Mungle  
**Contact Phone:** (907)465-2506

**Brief Summary and Statement of Need:**

This renewable energy project was for a later stage of project development. There is no confirmation of a geothermal resource for this project. So, this project will not proceed and funding will lapse to the renewable energy grant fund.

<b>Funding:</b>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
Renew Ener	\$-1,999,972						\$-1,999,972
<b>Total:</b>	\$-1,999,972	\$0	\$0	\$0	\$0	\$0	\$-1,999,972

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

Sec4 Ch5 SLA2011 P129 L33 46 \$1,999,972

**Reappropriation for Advancing the use of Natural Gas for a Liquefied Natural Gas Production and Distribution System in the State**      **FY2015 Request: \$0**  
**Reference No: 60747**

**AP/AL:** Appropriation      **Project Type:** Energy  
**Category:** Development  
**Location:** Statewide      **House District:** Statewide (HD 1-40)  
**Impact House District:** Statewide (HD 1-40)      **Contact:** Ted Leonard  
**Estimated Project Dates:** 04/19/2015 - 06/30/2019      **Contact Phone:** (907)771-3000

**Brief Summary and Statement of Need:**

Advance the use of natural gas as a source for a liquefied natural gas production to be used in the state as well as for the completion of a gas utility distribution system in the Interior. Funds could potentially be used to reduce capital costs of a natural gas liquefaction plant, assist in financing the construction/expansion of a natural gas distribution system, or other opportunities to provide significant rate payer relief as proposals are brought forward. Funds may also be used for the completion of a gas utility distribution system in the Interior.

<b>Funding:</b>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
Gen Fund							\$0
<b>Total:</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

<b>Operating &amp; Maintenance Costs:</b>	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**  
 Sec26 Ch16 SLA2013 P126 L24 SB18 \$57,500,000

**Project Description/Justification:**

The unexpended and unobligated balance, estimated to be \$45,000,000, of the appropriation made in sec. 26(b), ch. 16, SLA 2013, page 126, lines 24 - 29, (Alaska Industrial Development and Export Authority to advance the use of North Slope natural gas for a liquefied natural gas production and distribution system - \$57,500,000) is reappropriated to the Department of Commerce, Community, and Economic Development, Alaska Industrial Development and Export Authority, to advance the use of natural gas for a liquefied natural gas production and distribution system in the state.

**Repeal Alaska Digital Teaching Initiative - Digital Teaching Academies**      **FY2015 Request:** \$-750,000  
**Reference No:** 58584

**AP/AL:** Appropriation      **Project Type:** Education  
**Category:** Education  
**Location:** Statewide      **House District:** Statewide (HD 1-40)  
**Impact House District:** Statewide (HD 1-40)      **Contact:** Mike Hanley  
**Estimated Project Dates:** 04/19/2015 - 06/30/2019      **Contact Phone:** (907)465-2802

**Brief Summary and Statement of Need:**

This removes funding for Digital Teaching Academies, the second component of the Digital Teaching Initiative. The impact is that the Digital Teaching Academies will not occur. This does not have negative implications for the rest of the project since funds have already been allocated to four districts for in-district and across-district digital teaching activities, as well as an evaluation of those activities. The Digital Teaching Academies, while related due to their focus on digital teaching, were planned as separate activities.

<b>Funding:</b>	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Total
Gen Fund	\$-750,000						\$-750,000
<b>Total:</b>	\$-750,000	\$0	\$0	\$0	\$0	\$0	\$-750,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

Sec1 Ch18 SLA2014 P50 L20 SB119 \$4,000,000

**Project Description/Justification:**

The Alaska Digital Teaching Initiative objective is to overcome the barriers of geography and district boundaries, increasing opportunity, choice, and educational quality access for all of Alaska’s students. The initiative works directly with technology services providers and school districts to assess capabilities for interactive, distance delivery and focus on removing barriers, providing specific technology enhancements, and strengthen and enhance current technology-based instructional programs.

The first component of the initiative, Digital Teaching Districts, focused on improving student access to distance education courses in specific districts. Four districts have been allocated funding to expand upon their successful model for distance education by offering courses to a larger audience of students within and outside of their district. The four districts are Kenai Peninsula Borough School District (partnering with the Bristol Bay Borough School District and the Cordova City School District); the Copper River School District; the Kodiak Island Borough School District (partnering with the Pribilof, Lower Kuskokwim, Lower Yukon, Northwest Arctic, Lake and Peninsula, Nome, St. Mary’s,

**Repeal Alaska Digital Teaching Initiative - Digital Teaching Academies**      **FY2015 Request:**      **\$-750,000**  
**Reference No:**      **58584**

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and Annette Island School Districts); and, the Ketchikan Borough School District (partnering with the Craig, Annette Island, Klawock, Hydaburg, and Southeast Island School Districts).

To be removed: The Second component of the initiative, the Digital Teaching Academies, is focused upon training teachers statewide. The academies will create cohorts of teachers in both urban and rural settings. Each cohort of teachers and facilitators will be immersed in a learning experience modeling best practices in digital and distance education. These academies will increase teacher ability to teach and facilitate distance delivered courses across the state.

**Reappropriation to the Oil and Hazardous Substance Release Prevention and Response Fund for Prevention and Response**      **FY2015 Request: \$-3,179,058**  
**Reference No: 58446**

**AP/AL:** Appropriation      **Project Type:** Life / Health / Safety  
**Category:** Health/Human Services  
**Location:** Statewide      **House District:** Statewide (HD 1-40)  
**Impact House District:** Statewide (HD 1-40)      **Contact:** Kristin Ryan  
**Estimated Project Dates:** 04/19/2015 - 06/30/2019      **Contact Phone:** (907)269-7604

**Brief Summary and Statement of Need:**

Declining crude oil production means that the Oil and Hazardous Substance Release Prevention and Response Fund is facing a significant shortfall starting in FY2015. The Department estimates it will lapse approximately \$3.0 million in general funds from completed capital projects in the Division of Water's Municipal Matching Grant program at the end of FY2015. These funds would be available to be reappropriated to the Prevention Account and would alleviate some of the immediate need, including the Department's \$800,000 FY2015 shortfall, and a portion of the projected FY2016 shortfall. A reappropriation could provide for a short term solution without an infusion of new general funds.

<b>Funding:</b>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
Gen Fund	\$-3,179,058						\$-3,179,058
<b>Total:</b>	\$-3,179,058	\$0	\$0	\$0	\$0	\$0	\$-3,179,058

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

- Sec1 Ch17 SLA2012 P114 L5 SB 160 \$699,143
- Sec1 Ch17 SLA2012 P114 L15 SB 160 \$1,339,000
- Sec1 Ch17 SLA2012 P114 L19 SB 160 \$3,090,000
- Sec1 Ch17 SLA2012 P114 L25 SB 160 \$2,590,450
- Sec1 Ch17 SLA2012 P114 L28 SB 160 \$3,090,000
- Sec1 Ch17 SLA2012 P115 L4 SB 160 \$1,032,413
- Sec1 Ch17 SLA2012 P115 L10 SB 160 \$377,465
- Sec1 Ch5 SLA2011 P82 L5 SB 46 \$2,616,824
- Sec1 Ch5 SLA2011 P82 L16 SB 46 \$717,255
- Sec7 Ch43 SLA2010 P24 L7 SB 230 \$4,100,000
- Sec7 Ch43 SLA2010 P25 L14 SB 230 \$3,090,000
- Sec7 Ch43 SLA2010 P25 L27 SB 230 \$253,697
- Sec1 Ch15 SLA2009 P6 L28 SB 75 \$4,182,000
- Sec1 Ch15 SLA2009 P7 L7 SB 75 \$41,400
- Sec1 Ch15 SLA2009 P7 L11 SB 75 \$123,165
- Sec1 Ch15 SLA2009 P7 L14 SB 75 \$1,804,560

**Reappropriation to the Oil and Hazardous Substance  
Release Prevention and Response Fund for Prevention and  
Response**

**FY2015 Request:      \$-3,179,058  
Reference No:            58446**

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Sec1 Ch15 SLA2009 P7 L23 SB 75 \$2,132,100  
Sec1 Ch15 SLA2009 P7 L27 SB 75 \$648,945  
Sec1 Ch15 SLA2009 P7 L33 SB 75 \$1,691,260  
Sec13 Ch29 SLA2008 P139 L23 SB 221 \$419,175  
Sec13 Ch29 SLA2008 P139 L27 SB 221 \$1,253,510  
Sec13 Ch29 SLA2008 P139 L33 SB 221 \$698,625  
Sec13 Ch29 SLA2008 P140 L9 SB 221 \$2,060,000  
Sec13 Ch29 SLA2008 P140 L15 SB 221 \$1,766,605  
Sec62 Ch29 SLA2008 P222 L4 SB 221 \$125,351  
Sec62 Ch29 SLA2008 P222 L5 SB 221 \$41,918  
Sec62 Ch29 SLA2008 P222 L7 SB 221 \$279,450  
Sec62 Ch29 SLA2008 P222 L11 SB 221 \$824,000  
Sec62 Ch29 SLA2008 P222 L18 SB 221 \$706,642  
Sec4 Ch30 SLA2007 P91 L13 SB 53 \$3,347,500  
Sec4 Ch30 SLA2007 P92 L8 SB 53 \$155,300  
Sec1 Ch3 SLA2005 P54 L12 SB 46 \$250,000

**Project Description/Justification:**

The current year shortfall in the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund is not the result of overspending. This situation was caused by factors beyond the Department's control and is the result of lower than anticipated investment income, cost recovery income, and surcharge revenues collected. Consequently, the full amount appropriated by the 2014 Legislature was not available to transfer into the prevention account to cover FY2015 budgeted expenses.

When the shortfall was first identified, the Department took a number of steps to reduce the budget deficit. The Department enacted \$520,000 of spending reductions in the Division of Spill Prevention and Response (SPAR) in the current year. These included retaining vacancies, closure of the Bethel field office, and reduction of RSAs with the Departments of Natural Resources, Fish and Game, and Law. There was no interruption to critical services, however these reductions have put a strain on SPAR. In addition, the Department terminated and lapsed \$750,000 of capital appropriations for Statewide Contaminated Sites Cleanup that were funded by the Prevention Account. After these savings, the prevention account will still have a shortfall in FY2015 of approximately \$800,000.

In FY2016, continued spending reductions can only be accomplished by restructuring the Division of Spill Prevention and Response. That restructuring combines the Division's five components into one component, and it significantly redefines the State's approach to planning, preparing for, and responding to spills. Greater synergy between planning and response can reduce expenses and improve service delivery to the regulated public without reducing protection of Alaska's natural environmental. It creates program efficiencies that reduce overall costs by \$520.0 and eliminates four positions. With these savings, the Prevention Account shortfall for FY2016 will be approximately \$1,890.0.

The FY2016 Response Fund projection has assumed the Department will receive a large settlement for a site in Aniak of approximately \$5 million. Those funds would need to be received and in the bank

**Reappropriation to the Oil and Hazardous Substance Release Prevention and Response Fund for Prevention and Response**      **FY2015 Request: \$-3,179,058**  
**Reference No: 58446**

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in advance of June 30, 2015, in order to be transferred to the Prevention Account as part of the Department's FY2016 appropriation. If a settlement agreement is not signed by all parties by the end of February 2015, it is highly unlikely that the funds would be received by the State in time to be available to transfer to the Prevention Account for FY2016 expenditures. The Department is working closely with the Department of Law to expedite this process. Without this settlement, the Prevention Account shortfall in FY2016 will increase to an estimated \$6.9 million.

The Department estimates it will lapse approximately \$3.0 million in general funds from completed capital projects in the Division of Water's Municipal Matching Grant program at the end of FY2015. These funds would be available to be reappropriated to the Prevention Account and would alleviate some of the immediate need, including the Department's \$800,000 FY2015 supplemental request, and a portion of the projected FY2016 shortfall.

A reappropriation could provide for a short term solution without an infusion of new general funds and allow for the Department to implement the proposed FY2016 reduced budget in SPAR without a disruption to critical prevention and response activities. This would help to bridge the gap in FY2016, alleviate the strain on the rest of the Department, and provide some time for the Administration and the Legislature to reach consensus on a longer term solution.

Without a supplemental appropriation of general funds to the Prevention Account for FY2015, SPAR will need to immediately begin the process of laying off staff. Implementation of the layoff process will take approximately 12 weeks once a decision is made, in order to comply with the bargaining units' agreements. Given the timing, the Department estimates there will need to be 35 permanent, full time staff laid off statewide in order to realize an additional \$800,000 cost savings by the end of the fiscal year. This precipitous loss of personnel in SPAR will have a significant impact on the Department's ability to respond to smaller spills and oversee the cleanup of private and state-owned contaminated sites.

**Change Record Detail with Description (1440)**  
**Fund Transfers**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Oil and Hazardous Substance Release Prevention Account (2499)  
**RDU:** OpSys DGF Transfers (non-add) (606)  
**Title:** Substance Release Prevention and Response Fund

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	3,179.1	0.0	0.0	0.0	0.0	0.0	0.0	3,179.1	0	0	0
	1004 Gen Fund	3,179.1										

Language: The unexpended and unobligated balances, estimated to be a total of \$3,179,058.40 from several municipal water, sewer and solid waste matching grant projects are reappropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010(a)).

The current year shortfall in the prevention account is not the result of overspending. This situation was caused by factors beyond the Department's control and is the result of lower than anticipated investment income, cost recovery income, and surcharge revenues collected. Consequently, the full amount appropriated by the 2014 Legislature was not available to transfer into the prevention account to cover FY2015 budgeted expenses.

When the shortfall was first identified, the Department took a number of steps to reduce the budget deficit. The Department enacted \$520,000 of spending reductions in the Division of Spill Prevention and Response (SPAR) in the current year. These included retaining vacancies, closure of the Bethel field office, and reduction of RSAs with the Departments of Natural Resources, Fish and Game, and Law. There was no interruption to critical services, however these reductions have put a strain on SPAR. In addition, the Department terminated and lapsed \$750,000 of capital appropriations for Statewide Contaminated Sites Cleanup that were funded by the Prevention Account. After these savings, the prevention account will still have a shortfall in FY2015 of approximately \$800,000.

Without a supplemental appropriation of general funds to the prevention account for FY2015, SPAR will need to immediately begin the process of laying off staff. Implementation of the layoff process will take approximately 12 weeks once a decision is made, in order to comply with the bargaining units' agreements. Given the timing, the Department estimates there will need to be 35 permanent, full time staff laid off statewide in order to realize an additional \$800,000 cost savings by the end of the fiscal year. This precipitous loss of personnel in SPAR will have a significant impact on the Department's ability to respond to smaller spills and oversee the cleanup of private and state-owned contaminated sites.

A reappropriation will alleviate some of the immediate need, including the \$800.0 in FY2015, and the \$1.9 million projected shortfall in FY2016. This will provide a short term solution without an infusion of new general funds, and help bridge the gap in FY2016. The FY2016 projection does assume the receipt of a large settlement for a site in Aniak of approximately \$5 million in advance of June 30, 2015. Without this settlement, the Prevention Account shortfall in FY2016 will increase to an estimated \$6.9 million. This additional potential shortfall will need to be addressed separately from the reappropriation.

**Change Record Detail with Description (1440)**  
**Special Appropriations**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Judgments, Claims and Settlements (3008)  
**RDU:** Judgments, Claims and Settlements (615)  
**Title:** Judgments and Settlements

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	6,365.6	0.0	0.0	6,365.6	0.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	6,365.6										

DEPARTMENT OF LAW. (a) The sum of \$6,365,600 is appropriated from the general fund to the Department of Law, civil section, deputy attorney general's office, for the purpose of paying judgments and settlements against the state for the fiscal year ending June 30, 2015.

- \$30,567.12 - William Duryea v. SOA, Department of Corrections
- \$58,905.00 - Native Village Ekuk v. LBC and City of Dillingham
- \$4,800,000.00 - Amanda and Gregory Lawton v. SOA, DOT&PF
- \$1,024,965.75 - Peter N. Fine et al. v. SOA, DOT&PF
- \$120,257.50 - Schmidt et al v. SOA and Municipality of Anchorage
- \$168,994.43 - Lee A. Jones v. SOA, Public Defender Agency
- \$160,000.00 - Estate of John Carlin III v. SOA, Dept. of Corrections
- \$1,868.36 - Simmonds v. Parks

**Change Record Detail with Description (1440)**  
**Special Appropriations**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Judgments, Claims and Settlements (3008)  
**RDU:** Judgments, Claims and Settlements (615)  
**Title:** Judgments and Settlements

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

Actual judgment and settlement costs incurred in the fiscal year ending June 30, 2015 but not included in sec10(a) of the Governor's supplemental bill.

The amount necessary, after application of the amount appropriated in (a) of this section, to pay judgments awarded against the state on or before June 30, 2015, is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments against the state for the fiscal year ending June 30, 2015.

**Scope Change: Alaska Public Safety Information Network (APSIN) and Other Information Technology Contract Support**

**FY2015 Request: \$0**  
**Reference No: 54346**

**AP/AL:** Appropriation

**Project Type:** Information Technology / Systems / Communication

**Category:** Public Protection

**Location:** Statewide

**House District:** Statewide (HD 1-40)

**Impact House District:** Statewide (HD 1-40)

**Contact:** Kelly Howell

**Estimated Project Dates:** 04/19/2015 - 06/30/2019

**Contact Phone:** (907)269-5591

**Brief Summary and Statement of Need:**

The Department of Public Safety (DPS) requests to expand the scope of an existing capital appropriation titled "New Alaska Public Safety Information Network (APSIN) Transitional Contract Support" to include support to other department information technology systems. The intent of this project was to provide maintenance support for the new APSIN system to aid in the transition from the legacy APSIN system. DPS was not able to transition from legacy APSIN to the new system as expected, and therefore would like to use these project funds for continued legacy APSIN contractor support as well as contractor support for other critical criminal justice systems.

<b>Funding:</b>	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Total
Gen Fund							\$0
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

Sec1 Ch16 SLA2013 P75 L9 SB18 \$875,000

**Project Description/Justification:**

DPS is statutorily required to develop and operate a criminal justice information system to serve as the state’s central repository of criminal history record information. APSIN is a computerized information system that provides law enforcement and related users in Alaska at the local, regional, state, federal, and international levels with mission-critical information.

In the late 1990’s DPS began a multi-year effort to replace APSIN, which was thought to be nearing its end of life in terms of supportability. That project was referred to as “APSIN Redesign” or “New APSIN.”

In the beginning of 2013, DPS hired an external consultant to review the APSIN project. The review was undertaken due to the fact that the project was costing more than anticipated and DPS had not fully achieved results to modernize the criminal history repository.

The results of the external review suggested the project costs would continue to increase, a completion date was uncertain, the new design was too complicated, and the technology itself was becoming outdated. The consultant recommended DPS conclude development of the APSIN redesign project, engage a governance and management structure to define the scope and funding for a new criminal history repository, and define the scope of the project and replacement strategy.

Prior to the outcome of the external review, DPS had fully anticipated it would be transitioning off of the legacy system. Despite the fact that the department was not able to transition, many of the related enhancements to the information technology environment developed as part of the new APSIN project are in use today.

This project scope change meets the intent of the original project as it would enable DPS to maintain the contractual relationship with several vendors that have the appropriate knowledge, skills, and abilities with the APSIN programming languages and the APSIN code base to allow DPS time to effectively reset the APSIN replacement project. It will also enable DPS to support other critical criminal justice systems that interface with APSIN and that provide significant assistance to law enforcement agencies statewide. Maintaining these contractual relationships will mitigate the risks of extended system outages and DPS' ability to respond to intrastate, interstate, federal, and international criminal history records requests, and ensure support for resolutions to issues with other components of APSIN.

**Change Record Detail with Description (1440)**  
**Department of Natural Resources**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Fire Suppression Activity (2706)  
**RDU:** Statewide Fire Suppression Program (140)  
**Title:** FY2015 Projected Costs for Wildland Fire Protection

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	3,000.0	0.0	0.0	3,000.0	0.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	3,000.0										

Language: The amount necessary to pay for fire suppression activities, estimated to be \$3,000,000, is appropriated from the general fund to the Department of Natural Resources, fire suppression activities, for the fiscal year ending June 30, 2015.

This appropriation of general funds for the projected spring costs for initial attack of wildland fires through June 30, 2015. The initial FY2015 general fund appropriation for the Fire Suppression component was \$6,659.1. (SLA2014, CH 16, Sec 1, Pg. 30, Ln 24) Remaining funding in the component is insufficient to meet the state's statutory obligation to meet current obligations and provide wildland fire protection on state, municipal, and private lands in FY2015.

**2014 Fire Season Summary**

In 2014, the wildland fire season got off to a fast start as earlier-than-normal dry spring weather produced extreme wildland fire conditions in early May. The early snowmelt and warm, dry weather led to an extended period of extremely dry fuels as greenup of vegetation was delayed due to little precipitation. The 1,600 acre Tyonek Fire started May 19th and, later that day, the 200,000 acre Funny River Fire began and eventually forced the evacuation of dozens of homeowners on the Kenai Peninsula. Due to the dry conditions the Funny River Fire grew at extreme speeds up to 20,000 acres daily for a week. The Funny River Fire was the largest fire on the Kenai Peninsula since 1947.

Windy conditions allowed an Alaska Fire Service prescribed fire on military lands near Delta Junction to escape. The wildland fire 100 Mile Fire was managed by the Alaska Type 1 crew. The fire season slowed down and developed into one of the wettest summers on record in Alaska. The wet conditions from mid-June through August then translated to one of the lowest fire seasons on record in Alaska in terms of acreage burned. Most of the fire starts for the season were human caused and in populated areas.

While it turned out to be a slow fire season in Alaska that was not the case in the Lower 48. All totaled, Alaska directed nearly 700 firefighting personnel to help battle fires in California, Idaho, Montana, Oregon, Utah and Washington. In addition the Division provided support for British Columbia and the Northwest Territory.

**2015 Spring Fire Season**

This request is being processed as a supplemental to meet the fire suppression needs of firefighting in the upcoming season and obligations for the last half of CY2014. The request for initial attack funding for spring fires is based on the average of actuals costs incurred over the last ten years.

April and May are two of our busiest months, as much of the fire activity occurs in the urban interface areas with person caused starts. The largest acreages often occur in June, a period when prolonged burn periods and extended high pressure systems promote large wildland fire growth.

The division's fire program continues to face the challenges of providing suppression response for longer and more challenging fire seasons, an expanding wildland urban interface, increasing service and supply costs, staff shortages in critical positions due to recruitment difficulty, and increase in State owned acres through federal land conveyances.

**Change Record Detail with Description (1440)**  
**Branch-wide Unallocated Appropriations**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Fuel Branch-wide Appropriations (2954)

**RDU:** Fuel Branch-wide Unallocated (558)

**Title:** Revise Maximum and Minimum Allocations by Department to Maintain FY2014 Fuel Allocation Level

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

OFFICE OF THE GOVERNOR. (a) Section 23(e), ch. 16, SLA 2014, is repealed and reenacted to read:

(e) The governor shall allocate amounts appropriated in (a) and (b) of this section to departments as needed to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2015.

The December fuel and utility analyses from departments are due January 31, 2015, but an initial projection indicates the percentage allocations for several departments will be outside of the percentage ranges allowed. Of the \$25.5 determined to be available, it is anticipated the changes below will be needed:

- Corrections - Up to 7%
- Fish and Game - Up to 6%
- Public Safety - Up to 6%
- Transportation and Public Facilities - Down to 37%
- University - Up to 26%

Significant changes in the price of oil and the amount available for the fuel and utility allocation makes it difficult to predict the percentage ranges needed.

**Change Record Detail with Description (1440)**  
Office of the Governor

**Scenario:** FY2015 Supplemental (12199)  
**Component:** Redistricting Board (2945)  
**RDU:** Commissions/Special Offices (1)  
**Title:** Legal and Other Costs Sec16a and 16c Ch16 SLA2013 P122 L1 and L12 (SB18) (FY13-FY15)

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	-1,075.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,075.0	0	0	0
	1004 Gen Fund	-1,075.0										

Language: The unexpended and unobligated balance, estimated to be \$250,000, of the appropriation made in sec. 28(a), ch. 17, SLA 2012 (Office of the Governor, redistricting board, legal and other costs relating to redistricting matters -\$1,000,000) is reappropriated to the Office of the Governor, redistricting board, for legal and other costs relating to redistricting matters for the fiscal years ending June 30, 2014, and June 30, 2015.

The actual amount available for this subsection was \$435.1

c) The sum of \$1,750,000 is appropriated from the general fund to the Office of the Governor, redistricting board, for legal and other costs relating to redistricting matters for the fiscal years ending June 30, 2013, June 30, 2014, and June 30, 2015.

Expenditures for FY2014 totaled \$623.8 leaving a balance of \$1,561.3 to be carried forward for FY2015 expenditures. Redistricting costs are not expected to reach this level in FY2015, and it is estimated that \$1,075,000 can be returned to the general fund.

**Change Record Detail with Description (1440)**  
**Debt Service**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** School Debt Reimbursement (153)  
**RDU:** Debt Service (251)  
**Title:** FY2015 School Debt Reimbursement Reduction

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	-5,424.4	0.0	0.0	0.0	0.0	0.0	-5,424.4	0.0	0	0	0
	1004 Gen Fund	-5,424.4										

DEBT AND OTHER OBLIGATIONS. Section 25(k), ch. 16, SLA 2014, page 86, lines 11 through 15, is amended to read:

(k) The sum of \$121,217,970 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 for the fiscal year ending June 30, 2015, from the following sources:

General fund	\$101,917,970
School Fund (AS 43.50.140)	19,300,000

Based on recent projections, the amount of state aid required for costs of school construction under AS 14.11.100 for the fiscal year ending June 30, 2015 is estimated to be \$5,424,426 less than authorized. Reasons for a lower projection include anticipated projects not approved, debt for several projects sold later than anticipated, and a larger premium received than anticipated.

**Change Record Detail with Description (1440)**  
**Fund Transfers**

**Scenario:** FY2015 Supplemental (12199)  
**Component:** AMHS Stabilization Fund (Savings) (3034)  
**RDU:** OpSys DGF Transfers (non-add) (606)  
**Title:** Repeal FY2015 Estimated Interest Sec28f Ch16 SLA2014 P90 L22 (HB266)

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	-88.7	0.0	0.0	-88.7	0.0	0.0	0.0	0.0	0	0	0
	1004 Gen Fund	-88.7										
<p>The Alaska Marine Highway System is looking at cost savings measures for FY2015 and the interest transfer is not needed. The following section is repealed:</p> <p>The interest earned during the fiscal year ending June 30, 2015, by the Alaska marine highway system fund (AS 19.65.060(a)), estimated to be \$88,700, is appropriated to the Alaska marine highway system fund (AS 19.65.060(a)). It is the intent of the legislature that the interest earned on the balance of the Alaska marine highway system fund (AS 19.65.060(a)) be accounted for separately from the program receipts from vessel operations.</p>												
<b>Totals</b>		<b>-88.7</b>	<b>0.0</b>	<b>0.0</b>	<b>-88.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Change Record Detail with Description (1440)**  
**Department of Education and Early Development**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Foundation Program (141)

**RDU:** K-12 Support (53)

**Title:** Repeal State Aid to School Districts Ch15 SLA2014 (HB278) (Sec32c Ch18 SLA2014 P114 L20 (SB119)) (FY15-FY16)

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	-32,243.7	0.0	0.0	0.0	0.0	0.0	-32,243.7	0.0	0	0	0
	1004 Gen Fund	-32,243.7										

Repeal the FY2016 one-time funding.

Section 55, Chapter 15, SLA 2014 (HB278) amends the uncodified law of the State of Alaska by adding a new section, Grants to School Districts, wherein (a) - (c) provides for one-time grants to be distributed to school districts outside the formula based on the adjusted average daily membership (AADM).

FY2015 - \$42,953.5

FY2016 - \$32,243.7

FY2017 - \$19,904.2

**Change Record Detail with Description (1440)**  
**Department of Education and Early Development**

**Scenario:** FY2015 Supplemental (12199)

**Component:** Foundation Program (141)

**RDU:** K-12 Support (53)

**Title:** Repeal State Aid to School Districts Ch15 SLA2014 (HB278) (Sec32d Ch18 SLA2014 P114 L24 (SB119)) (FY15-FY17)

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	-19,904.2	0.0	0.0	0.0	0.0	0.0	-19,904.2	0.0	0	0	0
	1004 Gen Fund	-19,904.2										

Repeal the FY2017 one-time funding.

Section 55, Chapter 15, SLA 2014 (HB278) amends the uncodified law of the State of Alaska by adding a new section, Grants to School Districts, wherein (a) - (c) provides for one-time grants to be distributed to school districts outside the formula based on the adjusted average daily membership (AADM).

FY2015 - \$42,953.5

FY2016 - \$32,243.7

FY2017 - \$19,904.2



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

FINANCE AND MANAGEMENT SERVICES  
Juneau Office

P.O. Box 110618  
Juneau, Alaska 99811-0618  
Phone: 907-445-3032  
Fax: 907-465-2494

**DATE:** January 14, 2015

**TO:** Adam Bryan, Budget Analyst  
Office of Management and Budget

**FROM:** Sana Efird, Assistant Commissioner  
Finance and Management Services *HE*

**SUBJECT:** Prior Year Shortfall – Supplemental Ratification Request

**Purpose:** The Department of Health and Social Services requests the following prior year supplemental ratification:

RDU	Component	Description	General Funds	Total Funds
DSS	Medicaid School Based Admin Claim	FY2008 Ratification for AR 23928	\$3,272,240.61	<b>\$3,272,240.61</b>
SDS	Senior and Disability Medicaid Services	FY2009 Ratification for AR 23550 – SDS Medicaid Services	\$3,299.38	<b>\$3,299.38</b>
HCS	Medicaid Services	FY2010 Ratification for AR 23301 – HCS Medicaid Services	\$30,067.24	<b>\$30,067.24</b>
SDS	Senior and Disabilities Medicaid	FY2010 Ratification for AR 23550 – SDS Medicaid Services	\$524,858.88	<b>\$524,858.88</b>
OCS	Children Services – Unbudgeted RSA	FY2010 Ratification for AR 22820 – Bring the Kids Home RS 600101	\$4,122.81	<b>\$4,122.81</b>
DJJ	Juvenile Justice – Unbudgeted RSA	FY2010 Ratification for AR 22812 – WIA Youth Juvenile Justice RS 706106	\$8,309.80	<b>\$8,309.80</b>

### Background Information:

#### AR 23928-08 Medicaid School Based Administrative Claims

In FY2008, the department went through a federal review by Centers for Medicare and Medicaid Services (CMS) regarding the Medicaid School Based Administrative Claim program. The department recorded accounts receivable until the review issues were resolved; however, the Department of Health and Social Services did not prevail under the federal review, creating a revenue shortfall and ratification need. The shortfall balance is \$4,448,755.00, but the department has identified available general fund balances within the RDU level, AR 22980, to reduce the ratification amount to \$3,272,240.61. The revised program request to transfer general fund was submitted to OMB under ADN 06-5-0496.

#### AR 23550-09 Senior and Disabilities Medicaid Services

In FY2014, the department has received a supplemental in the amount \$1,813,095.49 (ADN 06-4-0958) due to a shortfall realized in FY2009 as a result of unrealized projected savings in Personal Care and Waiver Services. The calculation used from the accounting system in requesting the ratification amount of \$1,813,095.49 did not consider the lapse adjustments, and consequently left a remaining shortfall balance of \$3,274.13.

#### AR 23301-10 Health Care Services Medicaid Services

In FY2010, the Medicaid Services component under Health Care Services took a budget reduction of \$9,000,000 in general funds for current Medicaid trends. In retrospect, this reduction was too large, and the component realized the shortfall balance as the general fund authorization fell short of actual expenditures.

#### AR 23550-10 Senior and Disabilities Medicaid Services

In FY2010, the number of beneficiaries utilizing Senior and Disabilities and Disabilities Medicaid Services increased by 9.1 percent from the previous year (from 7,588 to 8,282). This level of growth was higher than anticipated during budget preparation, and the component realized a shortfall balance as the general fund authorization fell short of actual expenditures.

#### AR 22820-10 Bring the Kids Home Unbudgeted RSA and AR 22812-10 WIA Youth Juvenile Justice Unbudgeted RSA

In FY2010, these two appropriations for unbudgeted reimbursable agreements were closed prematurely prior to fully billing incurred expenditures. As the unbudgeted structure is independent of the budgeted structure, it was not possible to process an adjusting journal entry (AJE) to transfer the expenditures to the budgeted structure where there was sufficient general fund available to cover the deficit.

If you need further information, please contact me at (907) 465-1630. Thank you.

cc: , Sarah Woods, Deputy Director, Departmental Support Services  
Michelle Grose-Bray, Finance Officer  
Melissa Ordner, Budget Manager



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

FINANCE AND MANAGEMENT SERVICES  
Juneau Office

P.O. Box 1060  
Juneau, Alaska 99801-0106  
Tel: 907/586-6000  
Fax: 907/586-6100

**DATE:** January 14, 2015  
**TO:** Adam Bryan, Budget Analyst  
Office of Management and Budget  
**FROM:** Sana Efird, Assistant Commissioner  
Finance and Management Services *SEE*  
**SUBJECT:** Prior Year Shortfall – Supplemental Ratification Request

**Purpose:** The Department of Health and Social Services requests the following prior year supplemental ratification for capital appropriations:

Appropriation	Allocation	Description	General Funds	Total Funds
AR 26318	AR 26347-13	MH Treatment and Recovery Based Special Needs Housing	\$15,000.00	<b>\$15,000.00</b>
AR 26212	AR 26220-12	MH Special Needs - GF	\$15,000.00	<b>\$15,000.00</b>
AR 26132	AR 26132-14	Denali Commission Grants for Health Care Facility Improvements	\$2,620.80	<b>\$2,620.80</b>
AR 26137	AR 26137-14	Master Client Index	\$280,336.35	<b>\$280,336.35</b>
AR 26116	AR 26116-12	Deferred Maintenance, Renovation, Repair, and Equipment	\$11,004.00	<b>\$11,004.00</b>
AR 26117	AR 26117-14	E-Grants	\$4,587.00	<b>\$4,587.00</b>

AR 26122	AR 26122-12	Replacement of the Public Health Center and Pioneer Homes Telephone Systems	\$15,224.27	<b>\$15,224.27</b>
AR 26123	AR 26123-12	Safety and Support Equipment for Public Health Nurses, Probation Officers, and Social Workers	\$11,225.20	<b>\$11,225.20</b>
AR 23847	AR 23847-10	Safety and Support Equipment for Public Health Nurses, Probation Officers	\$30,662.63	<b>\$30,662.63</b>

Background Information:

AR 26318: Mental Health Treatment and Recovery Based Special Needs Housing Blue Project

The Facilities Management component charges six percent for administrative operating costs to all appropriations. This administrative cost charged to Alaska Housing Finance Corporation (AHFC) was not reimbursed to the department, which created the shortfall balance.

AR 26212: Mental Health Special Needs Housing/Treatment and Recovery Based Special Needs Housing

The Facilities Management component charges six percent for administrative operating costs to all appropriations. This administrative cost charged to Alaska Housing Finance Corporation (AHFC) was not reimbursed to the department, which created the shortfall balance.

AR 26132: Denali Commission Grants for Health Care Facility Improvements

The shortfall balance in this appropriation is due to a timing issue. Revenue reconciliation was performed and funds were returned to the Denali Commission. After expenditure and revenue reconciliation were completed, additional expenditures were processed against the appropriation causing the shortfall.

AR 26137: Master Client Index

The shortfall balance was due to lower actual revenue collection than anticipated. MaxCars, which the department used in FY2014 for tracking revenues, generated from the established cost allocation plan, did not produce the projected revenue collection.

AR 26116: Deferred Maintenance, Renovation, Repair, and Equipment

The shortfall balance was a result of combined issues in MaxCars and the change in Public Health Nursing's federal reimbursement rate. The appropriation ended with lower actual revenue collection than projected.

AR 26117: E-Grants

This appropriation was budgeted with 100 percent federal authorization, but the federal financial participation (FFP) rate was never 100 percent. This discrepancy created the shortfall balance.

AR 26122: Replacement of the Public Health Center and Pioneer Homes Telephone Systems

In prior fiscal years, the Facilities Management component received 18 percent in federal revenues on expenditures for Public Health Nursing. The percentage changed to 10 percent, but the change was not communicated timely to the Facilities Management. The lower percentage led to the shortfall balance.

AR 26123: Safety and Support Equipment for Public Health Nurses, Probation Officers, and Social Workers

When revenues were reported to the cost allocation plan, the revenue unit allocated federal funds to the divisions first. If there were insufficient funds to allocate, capital revenues were reduced.

AR 23847: Safety and Support Equipment for Public Health Nurses, Probation Officers, and Social Workers

When revenues were reported to the Cost Allocation Plan, the Revenue Unit allocated federal funds to the divisions first. If there were insufficient funds to allocate, capital revenues were reduced.

If you need further information, please contact me at (907) 465-1630. Thank you.

cc: Sarah Woods, Deputy Director, Departmental Support Services  
Michelle Grose-Bray, Finance Officer  
Melissa Ordner, Budget Manager



# Alaska Commission on Judicial Conduct

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## MEMORANDUM

**TO:** Brook Larson  
Budget Analyst  
Office of Management and Budget

**FROM:** Marla N. Greenstein   
Executive Director

**RE:** Shortfall ratification for Attorneys Fees

Our agency conducted a formal disciplinary proceeding in April 2014 pursuant to AS22.30.011 (b) that resulted in a recommendation of suspension from office for 45 days for the judge. Attorneys fees and costs for prosecution of the matter totaled \$58,849. We were able to pay \$47,849 of those fees and costs with appropriated funds from our FY 14 operating budget, leaving a balance of \$11,000 owed. We are seeking ratification of the \$11,000 due for the professional services of our special counsel.

If I can answer any questions, please do not hesitate to call.