

**Senate Finance Budget Subcommittee
FY10 Department of Natural Resources**

March 23, 2009

The Senate Finance Budget Subcommittee for the Department of Natural Resources submits the following operating budget to the full Senate Finance Committee:

Senate Subcommittee Budget Comparisons				
Operating Budget	General Fund	Federal	Other	Total
FY10 Adjusted Base	\$66,436,700	\$13,939,900	\$44,544,800	\$124,921,400
FY10 Gov Amend +	\$71,679,200	\$13,804,300	\$48,144,600	\$133,628,100
(HFS) Recommend	\$73,969,700	\$14,054,300	\$50,286,100	\$138,310,100
(SFS) Recommend	\$73,841,900	\$13,804,300	\$50,013,900	\$*137,660,100

(Table No. 1)

Senate Subcommittee Position Summary			
	Permanent Full Time	Permanent Part Time	Temporary
FY 10 Adj Base	778	245	73
Gov Amend +	779	246	76
(HSF) Recommend	780	246	76
(SFS) Recommend	764	245	76

(Table No. 2)

The Budget Subcommittee recommends an operating budget that authorizes *\$137,660,100*. While Table 1 shows a number that is \$4,032,000 greater than the Governor's amended request, it includes \$3.2 million for gas line implementation, which was a capital item that moved into the operating budget, and \$2.5 million for the Petroleum Systems Integrity Office, which was moved from the language section to the numbers section. As such, these two items do not represent an increase to the budget. Therefore, the subcommittee's authorized operating budget reflects an actual reduction of \$1,668,000 from the Governor's amended budget request. The subcommittee's recommended budget also includes 15 fewer permanent full time employees than the Governor requested.

Subcommittee Recommendations

The subcommittee held six meetings with the Department and reviewed all aspects of the Department of Natural Resources' budget, including a three-year look back to review the growth in the Department's budget from FY07 to the FY10 Governor's Amended proposal.

The subcommittee took the following actions:

1. Adopted the FY10 Adjusted Base.
2. Reviewed the increments, decrements, and budget amendments proposed by the Governor.
3. Reviewed and discussed the significant issues as outlined in the Legislative Finance Division Fiscal Analyst's Overview of the Governor's request, i.e., oil and gas initiatives; North Latitude

Plant Material Center; Geological Development, Mineral Survey and Volcano Observatory; statehood entitlement transfers; fire suppression preparedness; and the Guide Service Initiative.

4. Reviewed the increments, decrements, and budget amendments recommended by the House Finance Subcommittee and passed by the House.
5. Adopted the Governor's proposed amended budget with the following exceptions:
 - Funded Oil and Gas contract auditors (\$200.0) and outside legal (\$500.0) positions as one-time items (OTI).
 - Reduced the Petroleum System Integrity Office's (PSIO) budget request by \$261,500.
 - Denied the budget request for a Grants Administrator position and reduced \$64,000 in CIP funding in the Alaska Coastal and Ocean Management component.
 - Funded the Guide Services Initiative, Phase 1 Continued, as a one-time item (OTI).
 - Denied the budget request for a seasonal position for the Chilkoot River Bear Viewing Area and \$55,000 in General Funds in the Parks Management component.
 - Denied the budget request for authorization to utilize \$510,000 in CIP funds for positions in the Parks and Recreation Access component.
 - Approved an unallocated reduction of \$109,100 in General Funds in the Personal Services line item.
 - Approved an unallocated reduction of 10 positions from the Department.
 - Noted \$3.2 million in the Governor's Gas Pipeline Implementation component reflects a capital project that was moved to the operating budget and, as such, does not increase the budget.
 - Noted that the \$2.5 million increase in the Pipeline Coordinator was moved from the language section to the numbers section and, as such, does not increase the budget.
 - Recommended that the full Senate review the \$2.7 million lapse extension for AGIA implementation when it is included in the FY09 Supplemental Bill.
 - Recommended changing the new component in the budget entitled "State Coordinator – Gas Pipeline" to "Gas Pipeline Implementation" and to replace all references of the former term with the latter.

Documents attached:

Legislative Finance Reports:

1. Transaction Comparison – Senate Structure (between GAmdAdj and Sen Sub)
2. Allocation Summary All Funds – Senate Structure
3. Allocation Summary General Funds – Senate Structure
4. Agency Totals – FY10 Operating Budget – Senate Structure
5. Transaction Comparison – Senate Structure (between Adj Base and Sen Sub)
6. Transaction Comparison – Senate Structure (Between House and Sen Sub)
7. Wordage Report – Operating Budget, Senate Structure
8. House Close Out Report

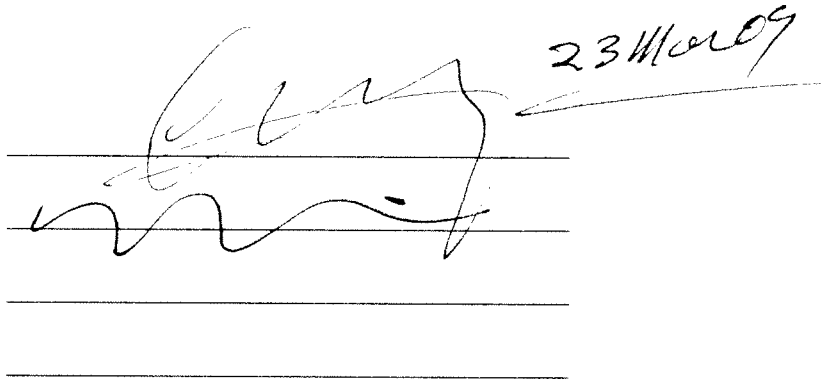
Respectfully submitted,

Senator Charlie Huggins, Chair

Senator Bill Wielechowski

Senator Lesil McGuire

Senator Linda Menard



Handwritten signature of Charlie Huggins, dated 23 Mar 09. Below the signature are four horizontal lines, one for each senator listed on the left.