



27TH ALASKA STATE LEGISLATURE

SENATE FINANCE SUBCOMMITTEE

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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March 14, 2011

FISCAL YEAR 2012 NARRATIVE REPORT

RECOMMENDATIONS:

The Senate Finance Budget Subcommittee for the Department of Military and Veterans Affairs submits a recommended operating budget for FY 2012 to the Senate Finance Committee as follows:

Unrestricted General Funds (UGF)	\$12,656,400
Designated General Funds (DGF)	\$28,400
Other Funds	\$16,327,500
Federal Funds	\$51,044,900
TOTAL	\$80,057,200

BUDGET ACTIONS:

The Senate Finance Budget Subcommittee for the Department of Military and Veterans Affairs held four meetings with the Department and analyzed all of the Governor's operating budget transactions. The Subcommittee also took testimony from the Alaska Aerospace Development Corporation on the transfer of the corporation to the department under Executive Order #115. Further, the Subcommittee reviewed the corporation's request for an additional \$4 million in operating funds for FY 2012. Although the Subcommittee did not include an increment for the corporation, it does recommend that the full Finance Committee consider the corporation's request for additional operating funds. In summary the Subcommittee recommends:

1. An overall increase of \$327,100 from the adjusted base; including an increment of \$329,300 in unrestricted general funds and a decrement of \$2,200 in federal receipts.
2. An overall decrease of \$181,800 from the Governor's Amended budget; including a \$181,800 decrement in other state funds.

TRANSACTIONS: All of the following transactions are made against the fiscal year 2012 adjusted base.

1. Appropriation: Military and Veteran's Affairs; Allocation: Office of the Commissioner.

Fund source change from interagency receipts to CIP receipts.

Amount: \$78,400 CIP receipts.

Description: This is a fund source change from interagency receipt authorization to CIP receipts requested to cover personnel costs for administrative and information technology services associated with projects funded under CIP projects. In previous years this component has been underfunded in CIP receipts. *This transaction was included in the Governor's FY 2012 request.*

2. Appropriation: Military and Veteran's Affairs; Allocation: Homeland Security and Emergency Management.

Fund source change from interagency receipts to CIP receipts.

Amount: \$108,200 CIP receipts.

Description: The change from interagency receipts to capital improvement project receipts to cover an anticipated increase in personal services that will be billed to capital improvement projects. *This transaction was included in the Governor's FY 2012 request.*

3. Appropriation: Military and Veteran's Affairs; Allocation: Army Guard Facilities Youth Maintenance.

General Fund Match funding for a Building Maintenance Specialist II.

Amount:\$40,000 General Fund Match

Position 09-0203 is reclassified from Aircraft Rescue Firefighter Specialist II (Range 12) to a building Management Specialist (Range 19). The balance required to fund the reclassified position is in federal funds. *This transaction was included in the Governor's FY 2012 request.*

4. Appropriation: Military and Veterans' Affairs; Allocation: Air Guard Facilities Maintenance.

Transfer out of the Air Guard Facilities allocation of two vacant positions (PCNs 09-0242 and 09-0243) to the Veterans' Services allocation.

Description: The two currently vacant positions will be transferred to the expanded Veterans' Services Office [see transaction #7]. The closure of the Kulis Air National Guard base makes these positions unnecessary. *This transaction was included in the Governor's amended FY 2012 request.*

5. Appropriation: Military and Veterans' Affairs; Allocation: Air Guard Facilities Maintenance.

Line Item Transfer from personal services to services.

Amount: \$142,200

Description: The line item transfer is intended to bring personal services into vacancy guidelines. *This transaction was included in the Governor's FY 2012 request.*

6. Appropriation: Military and Veterans' Affairs; Allocation: Veterans' Services.

Fund source change from federal receipts to unrestricted general funds.

Amount: \$2,200 unrestricted general funds.

Description: Correct unrealizable fund sources for personal services increases.

7. Appropriation: Military and Veterans' Affairs; Allocation: Veterans' Services.

Transfer into the Veterans' Services allocation of two vacant positions (PCNs 09-0242 and 09-0243) from the Air Guard Facilities Maintenance [see transaction #4] allocation.

Description: The amended FY 2012 request to the Legislature proposed an expansion of the Veterans' Services office in Anchorage from two to four personnel. The subcommittee determined that increasing demand for services from department personnel and Veterans' Service Organizations warrants an increase in staffing in the division. The transfer of vacant positions into the allocation enables an increase in staffing while maintaining the overall personnel level in the department. *This transaction was included in the Governor's amended FY 2012 request.*

8. Appropriation: Military and Veterans' Affairs; Allocation: Veterans' Services.

Increment to fund increased staff in the Veterans' Services office.

Amount: \$234,700 unrestricted general funds.

Description: The Veterans' Services office provides state funded assistance to veterans in Alaska that supplements federal benefits. The subcommittee determined that the increasing demand from Alaska veterans for services warrants an expansion of the Veterans' Services office. The vacant positions transferred into the allocations were previously funded with federal receipts which may not be used to fund these positions in the Veterans' Services allocation. The subcommittee determined that a general fund increment was justified given the State's interest in providing quality assistance to veterans and the additional federal benefits brought into the economy by the efforts of current staff within the division. *This transaction was included in the Governor's amended FY 2012 request at \$286,100 in unrestricted general funds.*

9. Appropriation: Military and Veterans' Affairs; Allocation: Veterans' Services.

One time increment to fund the relocation of the Veterans' Services office to the Muldoon area of Northeast Anchorage near the Veterans' Administration clinic.

Amount: \$51,400 unrestricted general funds.

Description: The amended request for \$286,100 in unrestricted general funds included items related to the establishment of the office that clearly could be funded on a one time basis. The subcommittee divided the amended request between funds required on an ongoing basis [see transaction #8] and those that would only be needed once.

10. Language recommendations.

The subcommittee recommended intent language in the Veterans' Services allocation to clarify that the new Veterans' Services office should be located in the Muldoon area of Anchorage near the Veterans Administration clinic in Northeast Anchorage.

The subcommittee recommended revised conditional language related to the unexpended and unobligated balance as of June 30, 2011 of the federal and corporate receipts of the Alaska Aerospace Corporation.

TRANSACTIONS IN THE GOVERNOR'S FY 2012 AMENDED REQUEST THAT WERE NOT ADOPTED BY THE SUBCOMMITTEE:

1. Appropriation: Military and Veteran's Affairs; Allocation: Alaska Military Youth Academy.

Increment in interagency receipts from the Department of Education.

Amount: \$181,800 interagency receipts.

Description: The amount was determined to be, after consultation with the department, excess authority.

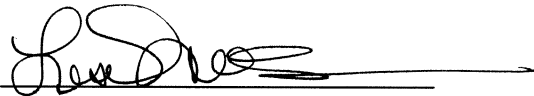
ADDITIONAL RECOMMENDATIONS:

1. The subcommittee took extensive testimony from the Alaska Aerospace Corporation on the additional need for bridge funding from the State of Alaska. Ongoing budget deliberations over the federal budget have put federal funding for the corporation in jeopardy for FY 2012. The corporation identified a need for \$8 million in operations and sustainment funding [\$4 million is included in the Governor's FY 2012 capital budget] for FY 2012. While the State has contributed \$26,629,000 to the corporation since 1993, federal receipts (\$144,811,000) and launch revenues (\$134,348,000) have provided the majority of the corporation's budget. The corporation believes that federal receipts will be available when a federal budget is passed by Congress and the corporation is currently pursuing a key federal contract that will provide revenues for the foreseeable future. However, without \$8 million from the state in the interim the corporation's ability to remain competitive and pursue contracts may be irreparably harmed. The subcommittee strongly recommends that the Senate Finance Committee consider the Alaska Aerospace Corporation's request for adequate sustainment funding and that failing to do so may jeopardize a valuable state asset and potential growth sector for our economy.

ATTACHED REPORTS:

1. Budget Action Worksheet
2. Agency Totals; Senate Structure
3. Allocation Summary; Senate Structure
4. Transaction Compare; Senate Structure; Adjusted Base and Senate Sub
5. Transaction Compare; Senate Structure; House and Senate Sub
6. Transaction Compare; Senate Structure; Gov. Amended and Senate Sub
7. Wordage Report; Senate Structure

The Senate Finance Subcommittee for the Department of Military and Veterans Affairs thanks the men and women of the Alaska National Guard and our armed forces for their service. We also thank the staff of the department and legislative finance for their work with the committee.



Senator Lesil McGuire, Chair



Senator Dennis Egan



Senator Bill Wielechowski

March 14, 2011