



29th Alaska State Legislature
House Finance Budget Subcommittee
Department of Natural Resources
FY 16 Operating Budget

**DEPARTMENT OF NATURAL RESOURCES
FY16 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
FEBRUARY 26, 2015**

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Rep. Lance Pruitt
Capitol Room 421
465-3438

Members:

Rep. Benjamin Nageak
Capitol Room 126
465-3473

Rep. Dave Talerico
Capitol Room 104
465-4527

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Capitol Room 411
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Capitol Room 24
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Rep. Andy Josephson
Capitol Room 430
465-4939

Rep. Jonathan Kreiss-
Tomkins
Capitol Room 426
465-3732

Committee Aide:

Dirk Craft
465-6617

SUBCOMMITTEE MEMBERS

Rep. Lance Pruitt, Chair

Rep. Benjamin Nageak
Rep. David Talerico
Rep. Cathy Tilton
Rep. Kurt Olson
Rep. Andy Josephson
Rep. Jonathan Kreiss-Tomkins

RECOMMENDATIONS

The House Finance Budget Subcommittee for the Department of Natural Resources submits a recommended operating budget for FY2016 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$ 82,758.6
Designated General Funds (DGF)	\$ 25,815.9
Other Funds	\$ 40,286.6
Federal Funds	\$ 13,257.3
Total	\$ 162,118.4

The Unrestricted General Fund difference from the FY2015 Management Plan to the House Subcommittee budget recommendation is a reduction of \$3,896.7, which is a -4.5% percent change.

BUDGET ACTION

The House Finance Budget Subcommittee for the Department of Natural Resources held six meetings with the Department. The Subcommittee reviewed the FY 2016 budget request and took the following actions:

Accepted the Governor's amended proposal, which includes these highlights:

- **North Slope Gas Commercialization – Increase to funding: \$13,886.7 (UGF)**
Continue the states participation on the pipeline and gas commercialization.
- **RS2477/Navigability Program – Reduction to funding: \$1,547.8 (UGF)**
Reduce funding to the Public Access Assertion and Defense Unit (PAAD). Some duties will be absorbed or assisted by others.
- **Geological & Geophysical Surveys – Reduction to funding: \$1,000.0 (UGF)**
Eliminate airborne geophysical surveys and support for geothermal and coal resources.
- **Reorganization of Oil & Gas – Reduction to funding: \$644.0 (UGF)**
Reorganization of the division to provide efficiencies and process improvements.

AMENDMENT ACTION

ADDED

1. **Admin & Support Services – OPMP – Remove I/A Receipts Associated with 404 Primacy: (361.8) I/A Receipts**
Last year DEC, the source of this I/A receipt, had this cut. They no longer have the funding to pay DNR for their work on it so these receipts are unrealizable.
2. **Admin & Support Services – Commissioners Office – Remove Marketing of Statewide Resource Development Initiatives: (50.0) UGF**
Removed funding from the Commissioner's Office used for certain marketing activities.
3. **Admin & Support Services – Recorder's Office/Uniform Commercial Code – Close Offices in Valdez, Ketchikan, Sitka, and Homer; transfer Homer position to Anchorage: (284.2) GF/Program Receipts**
Closing single staff offices in Valdez, Ketchikan, Sitka, and Homer. Transferring one position to Anchorage who will absorb the other staff duties. Technology upgrades and a more efficient electronic system have decreased the need for these offices.
4. **Mining Land & Water – Forest Management & Development – Reduce Timber Sale Program, Eliminate Natural Resources Intern Program: (1,292.9) UGF (400) Timber Receipts**
Reduction in the timber sale program. Offices will closed in Ketchikan, Juneau, and Haines while maintaining some level of timber sales in the interior for fire reduction.

5. Agriculture – Eliminate Farm to School Program: (181.0) UGF

The farm to school program had a sunset date of 6/30/2014 but the legislature approved an increment in the FY15 budget to put the program in the base.

6. Parks & Outdoor Recreation – Eliminate Park Positions in Three Regions: (449.8) UGF

Management of the Wood-Tikchik park is reduced from two positions to one position. Removal of one position that manages all parks in Valdez. Removal of one position that manages parks in the Sitka area. These parks will go into a passive management.

7. Reduce UGF Travel by 20%: (277.5) UGF

Reduction in travel by 20% across certain divisions. Fire suppression activity was exempted from the 20% calculation.

8. Eliminate Division Operations Managers and Assistant Publications Specialists: (486.9) UGF (21.5) I/A Receipts

Eliminate two Division Operations Managers. One in Forest Management & Development and one in Geological & Geophysical Surveys. Eliminate one Publications Specialist I from Geological & Geophysical Surveys.

9. Eliminate Vacant Positions: (393.1) UGF

Remove one vacant Commercial Analyst position and one Natural Resource Specialist position from Oil & Gas. Remove one vacant Spec I, Option B position responsible for phytosanitary inspections of timber.

MODIFIED

1. Convert Potato Program to a One-Time Item

Two positions in the seed potato program have been converted to a one-time item.

2. Convert Base funding for McKinley Meat & Sausage Plant to a One-Time Item

Converted to a one-time increment to emphasize the need for privatization.

ATTACHED REPORTS

The House Finance budget subcommittee for the Department of Natural Resources adopts the attached reports:

Subcommittee generated reports

Budget action worksheet

2015 Legislative Finance Division Reports – House Structure

1. Agency Totals – FY2016 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)
4. Transaction Comparison between ADJ Base and H Subcom
5. Transaction Comparison between Gov Amd and H Subcom
6. Wordage Report – FY 2016 Operating Budget

THE BUDGET ACTION WORKSHEET IS ATTACHED FOR INFORMATIONAL PURPOSES.

RESPECTFULLY SUBMITTED,

A handwritten signature in blue ink, appearing to read "Lance Pruitt", is written over a light blue rectangular background.

**Representative Lance Pruitt, Chair
House Finance Budget Subcommittee for the Department of Natural Resources
February 26, 2015**