



29th Alaska State Legislature
 House Finance Subcommittee
 Department of Military and Veterans' Affairs

Department of Military and Veterans' Affairs
FY2017 House Finance Budget Subcommittee Narrative Report
February 26, 2016

Chairman:

Rep. Steve Thompson
 Capitol Room 511
 465-4941

Members:

Rep. Bob Lynn
 Capitol Room 108
 465-4931

Rep. Bob Herron
 Capitol Room 406
 465-4942

Rep. Louise Stutes
 Capitol Room 416
 465-2487

Rep. Wes Keller
 Capitol Room 403
 465-2186

Rep. Scott Kawasaki
 Capitol Room 418
 465-3466

Rep. Geran Tarr
 Capitol Room 409
 465-3424

Committee Aide:

Brodie Anderson
 465-4941

Recommendations:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs submits a recommended operating budget for FY 2017 to the House Finance Committee as follows:

	(In thousands of dollars)
Unrestricted General Funds (UGF)	\$16,409.0
Designated General Funds (DGF)	\$28.4
Other Funds	\$14,855.6
<u>Federal Funds</u>	<u>\$26,172.0</u>
Total	\$57,465.0

Budgeted Positions	FY 16 Mgt Plan	FY17 Sub-Com	Difference	Difference
Total Positions	297	275	-22	-7.4%

Historical Sub-Committee Action:

Fund Type	FY2015	FY2016	Difference	Percent
	<u>Mgt Plan</u>	<u>Mgt Plan</u>	<u>Difference</u>	<u>Difference</u>
UGF	\$24,816.9	\$17,226.1	-\$7,98.0	-31.8%
DGF	\$28.4	\$28.4	\$0.0	0.0%
Other	\$12,093.4	\$16,389.2	\$4,295.8	35.5%
<u>Federal</u>	<u>\$23,386.2</u>	<u>\$27,905.2</u>	<u>\$4,519.0</u>	<u>19.3%</u>
Total	\$60,324.9	\$61,548.9	\$1,116.8	1.9%

Budget Action:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs held five meetings with the Department and analyzed all of the Governor's budget transactions. The following are the budget action highlights:

- Reduce spending by \$2,227.9 thousand in Unrestricted General Funds from FY17 Governor's Amended Request.
- A reduce of 12% in Unrestricted General Funds from FY17 Governor's Amended Request.

The Subcommittee recommends accepting all of the Governor's FY 2017 request with the following changes:

- Deny the Governor's request for \$1,300.0 thousand for the Rural Engagement – the Alaska State Defense Force Scout Battalion

Additional highlights to the Governor's FY2017 requested budget and amendments are as follows:

- Change the Governor's request for Assistance for Enhancing Military, Community and Legislative Partnerships to a one time increment
- Continue Federal Receipt authority for the for Highly Rural Veterans' Transportation Grant (temporary increment for FY16-FY18)
- Remove 20 positions throughout the Department

The Subcommittee also recommends the following changes to the Department of Military and Veterans' Affairs FY2017 request:

- Position Deletion in the Office of the Commissioner
 - Remove 1 PFT position - <\$63.9> thousand in Receipt Funds
- Position Deletion in the National Guard Military Headquarters
 - Remove 1 PFT position - <\$130.4> thousand in Unrestricted General Funds in the National Guard Military Headquarters
- Transfer the National Guard Naval Militia Retirement System to Statewide Retirement System - <\$797.5> thousand in General Funds
- Add Intent Language to Alaska Aerospace Corporation to provide the State of Alaska retention of certain assets as the Corporation explores alternatives of ownership and organizational restructure.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs adopts the attached reports:

Subcommittee generated reports

- 1) Budget Action Worksheet

Legislative Finance Division Reports – House Structure

- 1) Agency Totals
- 2) Appropriation/Allocation Summary (All Funds)
- 3) Appropriation/Allocation Summary (GF)
- 4) Transaction Comparison between 17ADJ Base and House Sub
- 5) Transaction Comparison between GOV AMD and House Sub
- 6) Wordage Report



Representative Steve Thompson, Chair

House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs
February 26, 2016

Department of Military and Veterans Affairs
FY2015 to FY2016 Comparison

	FY2015	FY2016		Percent
<u>Fund Type</u>	<u>Mgt Plan</u>	<u>Enacted</u>	<u>Difference</u>	<u>Difference</u>
Unrestricted General Fund	\$24,816.9	\$17,326.3	-\$7,490.6	-30.2%
Designated General Fund	\$28.4	\$28.4	\$0.0	0.0%
Other	\$12,105.6	\$16,402.0	\$4,296.4	35.5%
Federal	<u>\$23,386.2</u>	<u>\$27,905.2</u>	<u>\$4,519.0</u>	<u>19.3%</u>
Total	\$60,337.1	\$61,661.9	\$1,324.8	2.2%

	FY2015	FY2016		Percent
<u>Unrestricted General Fund</u>	<u>Mgt Plan</u>	<u>Enacted</u>	<u>Difference</u>	<u>Difference</u>
Non-Formula	\$24,189.6	\$16,591.8	-\$7,597.8	-31.4%
Formula	<u>\$627.3</u>	<u>\$734.5</u>	<u>\$107.2</u>	<u>17.1%</u>
Total	\$24,816.9	\$17,326.3	-\$7,490.6	-30.2%

	FY2015	FY2016		Percent
<u>Budgeted Positions</u>	<u>Mgt Plan</u>	<u>Enacted</u>	<u>Difference</u>	<u>Difference</u>
Permanent Full-Time	333	318	-15	-4.5%

	Dec 2014	July 2015		Percent
<u>Filled Positions</u>	<u>Employees</u>	<u>Employees</u>	<u>Difference</u>	<u>Difference</u>
Permanent Full-Time	266	240	-26	-9.8%
Permanent Part-Time	1	1	0	0.0%
Non-Permanent	<u>458</u>	<u>467</u>	<u>9</u>	<u>2.0%</u>
Total	725	708	-17	-2.3%

Notable Changes

Alaska Aerospace Corp -4,175.0 UGF reductions eliminates the operating and sustainment GF from the corporation.

National Guard Facilities Maintenance -350.0 UGF (DMVA) anticipates an increase in the federal contribution for maintenance on certain facilities. The National Guard Bureau and the Army Guard Facilities Maintenance division are in the process of identifying buildings that are candidates for repurposing. In order to prepare these facilities, they must be brought back to active status. This will result in a shift from 100% GF funding to a federal/state split.

This process may take several years. This transition period will provide the Walker administration the opportunity to analyze future plans for a reinvigoration of the Rural Guard.

Prepared by the Office of Management and Budget

If the facilities currently being considered for repurposing are instead reactivated by the stationing of troops in those communities, the state would see a similar shift in cost-sharing with the federal National Guard Bureau. While both scenarios will increase the federal funds into DMVA, the department currently anticipates having sufficient federal authority to accept these funds.

Base Realignment and Closure Impact Assistance -300.0 UGF

The Department of Military and Veterans' Affairs (DMVA) will make every effort to coordinate with local and federal entities to mitigate the potential effects of base realignment and closure, and reassignment of troops. Two brigade combat teams, stationed in Anchorage and Fairbanks, may be impacted by federal force reductions. DMVA will work with all interested parties and the municipalities of Anchorage and Fairbanks to actively defend their respective military installments.