



30th Alaska State Legislature  
 House Finance Budget Subcommittee  
 Department of Military and Veterans' Affairs  
 FY19 Operating Budget

*Chair:*

Rep. Scott Kawasaki  
 Capitol Room 502  
 465-3466

*Members:*

Rep. Chris Tuck  
 Capitol Room 204  
 465-2095

Rep. Gabrielle LeDoux  
 Capitol Room 216  
 465-4998

Rep. Justin Parish  
 Capitol Room 432  
 465-3744

Rep. Ivy Spohnholz  
 Capitol Room 421  
 465-4940

Rep. George Rauscher  
 Capitol Room 426  
 465-4859

Rep. Lora Reinbold  
 Capitol Room 409  
 465-3822

Rep. Dan Saddler  
 Capitol Room 428  
 465-3783

*Committee Aide:*

William Jodwalis  
 465-3466

February 22, 2018

**SUBCOMMITTEE MEETINGS:**

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs held 4 meetings with the Department of Military and Veterans' Affairs during the review of the FY19 budget request.

**RECOMMENDATIONS:**

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs recommends that the House Finance Committee accept the Governor's FY19 Budget and 3 subcommittee amendment proposals:

The numbers-only budget with amendment recommendations totals:

<b>Fund Source:</b> (dollars are in thousands)	
Unrestricted General Funds (UGF)	\$16,653.6
Designated General Funds (DGF)	28.4
Other Funds	10,195.4
Federal Funds	30,691.5
<b>Total</b>	<b>\$57,568.9</b>

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$7,536.0, a decrease of 31.2 percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY19 House Subcommittee Recommended budget is an increase of \$304.2, an increase of 1.9 percent.

**Positions:**

Permanent Full-time	277
Permanent Part-time	2
Temporary	0
<b>Total</b>	<b>279</b>

**GOVERNOR'S AMENDMENTS**

The Governor did not submit any amendments for this agency.

## **SUBCOMMITTEE BUDGET RECOMMENDATIONS:**

The following budget amendments are submitted by the Subcommittee to the House Finance Committee for consideration:

1. Office of the Commissioner: Decrement funding to Expand the Alaska State Defense Force for Rural Engagement; -210.9 UGF

This amendment deletes \$210.9 UGF from the Governor's FY19 request for the expansion of the Alaska State Defense Force. Because of the limited amount of revenue for FY19 and the state's uncertain fiscal future, the legislature does not wish to use state funds to expand the Alaska State Defense Force at this time.

Subcommittee Discussion:

Members expressed strong support for the ASDF and the mission of the proposed Rural Engagement Initiative and a desire to see this program to be advocated for future years.

While the Department affirmed that failure to fund this request in FY19 would not preclude the ability to fund it in future fiscal years, the Department cautioned the level of emergency preparedness statewide may not be at the level aimed for in the future, citing the need for a centralized response force trained and ready for service. The Department also explained how in the past year, the effectiveness of State Defense Forces in responding to disasters has been seen in places such as Texas, which in the wake of Hurricane Harvey, is currently doubling their force of 2,500 personnel.

A member considered the expansion of the ASDF as an important measure to take for ensuring the State's disaster resiliency, particularly considering the increase in trans arctic shipping. The member stressed that it in the event of some sort of catastrophe happening in light of these developments, having as many trained individuals as possible able respond as quickly as possible, is of vital importance to the wellbeing of the State.

2. Veterans' Services- Reduce UGF that has been replaced by a Federal Grant; -100.0 UGF

The Department of Military and Veterans' Affairs received an increase to their federal State Administrative Agency grant award to pay for a program manager position and its associated costs. The position was previously paid for with UGF and that funding was maintained in the Veterans' Services base budget. This amendment deletes \$100.0 of UGF for the costs that are now being covered through federal grants.

Subcommittee Discussion

A member emphasized the heavy workload that current Veterans Services Officers were under and expressed concern that the Federal Grant which is now being used to fund this Veterans Services Officer position could someday dissipate and thus an important position will go without being funded.

The Department pointed out that its four-person Office of Veterans Affairs (OVA) combined with 17 contracted Veterans Services Officers (VSO), served nearly 63,000 Alaskans in 2017. Additionally, the department noted that the overall Veterans population in Alaska grows by

approximately 3,500 annually and with an average VSO workload of around 3,700 Veterans per year, they project that, in the very near future, the Department will be unable to provide timely assistance to deserving former Servicemembers.

The Department stated that given the opportunity, their intent was to re-roll those GF monies to bring on an additional Veteran Service Officer to provide services to the continuously growing Veteran population.

3. Alaska Aerospace Corporation- Legislative Intent for Receiving Options for a Return of Investment from the Alaska Aerospace Corporation

It is the intent of the legislature that the Department of Military and Veterans' Affairs and the Alaska Aerospace Corporation develop options to realize a return from the State's investment in the Alaska Aerospace Corporation and the associated State assets. The Department of Military and Veterans' Affairs shall submit a preliminary summary of the options and any relevant statute revisions to the House and Senate Finance Committees and to the Legislative Finance Division by September 30, 2018 and a final summary being submitted to the same committees by December 1, 2018.

Subcommittee Discussion:

Regarding the amendment, the Department expressed that neither themselves nor the Alaska Aerospace Corporation and its President had any objections to this amendment and that the issue of returning past state investment had lately been discussed by the AAC Board of Directors, which committee members found reassuring. The members recognized the effort being made by the Alaska Aerospace Corporation, its President and its board, for looking into returning previous investments made by the state. It was also highlighted in committee that intent language had passed by the committee last year establishing a formal desire to see a return on investment from the AAC and appreciated the Board of Director's doing so without being prompted through legislation.

A member believed that requiring the Alaska Aerospace Corporation to go back and defend their past receipt of state funds past would distract the agency from its looking forward to obtaining private support and contracts.

**ATTACHED REPORTS:**

- Transaction Detail – House Structure - Subcommittee Recommended Amendments
- Allocation Summary – House Structure - Subcommittee Recommended Amendments
- Multi-Year Allocation Summary – Operating Budget

Respectfully submitted,



Representative Scott Kawasaki, Chair  
House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs

**2018 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

**Agency: Department of Military and Veterans' Affairs**

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Military and Veterans' Affairs</b>												
<b>Office of the Commissioner</b>												
<b>H MVA 1 - Decrement funding to Expand the Alaska State Defense Force for Rural Engagement</b>	Dec	-210.9	0.0	-43.3	-93.1	-74.5	0.0	0.0	0.0	0	0	0
Offered by Representative Kawasaki												
This amendment deletes \$210.9 UGF from the Governor's FY19 request for the expansion of the Alaska State Defense Force. Because of the limited amount of revenue for FY19 and the state's uncertain fiscal future, the legislature does not wish to use state funds to expand the Alaska State Defense Force at this time.												
1004 Gen Fund (UGF) -210.9												
<b>* Allocation Total *</b>		-210.9	0.0	-43.3	-93.1	-74.5	0.0	0.0	0.0	0	0	0
<b>Veterans' Services</b>												
<b>H MVA 2 - Reduce UGF that is replaced by a Federal Grant</b>	Dec	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Kawasaki												
The Department of Military and Veterans' Affairs received an increase to their federal State Administrative Agency grant award to pay for a program manager position and its associated costs. The position was previously paid for with UGF and that funding was maintained in the Veterans' Services base budget. This amendment deletes \$100.0 of UGF for the costs that are now being covered through federal grants.												
1004 Gen Fund (UGF) -100.0												
<b>* Allocation Total *</b>		-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		-310.9	-100.0	-43.3	-93.1	-74.5	0.0	0.0	0.0	0	0	0
<b>Alaska Aerospace Corporation</b>												
<b>Alaska Aerospace Corporation</b>												
<b>H MVA 3 - Legislative Intent for Receiving a Options for a Return of Investment for the Alaska Aerospace Corporation</b>	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Kawasaki												
Wordage:												

**2018 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

**Agency: Department of Military and Veterans' Affairs**

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
<b>Alaska Aerospace Corporation (continued)</b>												
<b>Alaska Aerospace Corporation (continued)</b>												
<b>H MVA 3 - Legislative Intent for Receiving a Options for a Return of Investment for the Alaska Aerospace Corporation (continued)</b>												
It is the intent of the legislature that the Department of Military and Veterans' Affairs and the Alaska Aerospace Corporation develop options to realize a return from the State's investment in the Alaska Aerospace Corporation and the associated State assets. The Department of Military and Veterans' Affairs shall submit a preliminary summary of the options and any relevant statute revisions to the House and Senate Finance Committees and to the Legislative Finance Division by September 30, 2018 and a final summary being submitted to the same committees by December 1, 2018.												
Explanation: The state is experiencing a fiscal crisis and should begin to realize returns on its investment in the Alaska Aerospace Corporation.												
<b>* Allocation Total *</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>*** Agency Total ***</b>		-310.9	-100.0	-43.3	-93.1	-74.5	0.0	0.0	0.0	0	0	0
<b>**** All Agencies Total ****</b>		-310.9	-100.0	-43.3	-93.1	-74.5	0.0	0.0	0.0	0	0	0

**2018 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Military and Veterans' Affairs**

<u>Allocation</u>	<u>[1] 19GovAdj</u>	<u>[2] HSub Rec</u>	<u>[2] - [1] 19GovAdj to HSub Rec</u>	
Military and Veterans' Affairs				
Office of the Commissioner	7,330.2	7,119.3	-210.9	-2.9 %
Homeland Security & Emerg Mgt	9,517.9	9,517.9	0.0	
Local Emergency Planning Comm	300.0	300.0	0.0	
National Guard Military Hdqtrs	0.0	0.0	0.0	
Army Guard Facilities Maint.	11,628.0	11,628.0	0.0	
Air Guard Facilities Maint.	6,829.6	6,829.6	0.0	
Alaska Military Youth Academy	8,758.4	8,758.4	0.0	
Veterans' Services	2,155.4	2,055.4	-100.0	-4.6 %
State Active Duty	325.0	325.0	0.0	
<b>Appropriation Total</b>	<b>46,844.5</b>	<b>46,533.6</b>	<b>-310.9</b>	<b>-0.7 %</b>
Alaska Aerospace Corporation				
Alaska Aerospace Corporation	4,121.2	4,121.2	0.0	
AAC Facilities Maintenance	6,925.4	6,925.4	0.0	
<b>Appropriation Total</b>	<b>11,046.6</b>	<b>11,046.6</b>	<b>0.0</b>	
<b>Agency Total</b>	<b>57,891.1</b>	<b>57,580.2</b>	<b>-310.9</b>	<b>-0.5 %</b>
Funding Summary				
Unrestricted General (UGF)	16,964.5	16,653.6	-310.9	-1.8 %
Designated General (DGF)	28.4	28.4	0.0	
Other State Funds (Other)	10,206.7	10,206.7	0.0	
Federal Receipts (Fed)	30,691.5	30,691.5	0.0	

## Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

**Numbers and Language**

**Agency: Department of Military and Veterans' Affairs**

Allocation	ID=> Session=> Column=>	[1] 2015 15MgtP1n	[2] 2018 18MgtP1n	[3] 2018 19GovAdj	[4] 2018 HSub Rec	2015 15MgtP1n to	[4] - [1] 2018 HSub Rec	2018 18MgtP1n to	[4] - [2] 2018 HSub Rec	2018 19GovAdj to	[4] - [3] 2018 HSub Rec
<b>Military and Veterans' Affairs</b>											
Office of the Commissioner		6,405.0	6,453.5	7,330.2	7,119.3	714.3	11.2 %	665.8	10.3 %	-210.9	-2.9 %
Homeland Security & Emerg Mgt		9,616.5	9,498.3	9,517.9	9,517.9	-98.6	-1.0 %	19.6	0.2 %	0.0	
Local Emergency Planning Comm		300.0	300.0	300.0	300.0	0.0		0.0		0.0	
National Guard Military Hdqtrs		627.2	489.2	0.0	0.0	-627.2	-100.0 %	-489.2	-100.0 %	0.0	
Army Guard Facilities Maint.		13,790.5	12,718.7	11,628.0	11,628.0	-2,162.5	-15.7 %	-1,090.7	-8.6 %	0.0	
Air Guard Facilities Maint.		6,268.5	5,943.8	6,829.6	6,829.6	561.1	9.0 %	885.8	14.9 %	0.0	
Alaska Military Youth Academy		10,454.1	8,735.8	8,758.4	8,758.4	-1,695.7	-16.2 %	22.6	0.3 %	0.0	
Veterans' Services		1,797.5	2,053.9	2,155.4	2,055.4	257.9	14.3 %	1.5	0.1 %	-100.0	-4.6 %
State Active Duty		325.0	325.0	325.0	325.0	0.0		0.0		0.0	
<b>Appropriation Total</b>		<b>49,584.3</b>	<b>46,518.2</b>	<b>46,844.5</b>	<b>46,533.6</b>	<b>-3,050.7</b>	<b>-6.2 %</b>	<b>15.4</b>		<b>-310.9</b>	<b>-0.7 %</b>
<b>Alaska Aerospace Corporation</b>											
Alaska Aerospace Corporation		4,062.6	4,121.2	4,121.2	4,121.2	58.6	1.4 %	0.0		0.0	
AAC Facilities Maintenance		6,062.9	6,925.4	6,925.4	6,925.4	862.5	14.2 %	0.0		0.0	
<b>Appropriation Total</b>		<b>10,125.5</b>	<b>11,046.6</b>	<b>11,046.6</b>	<b>11,046.6</b>	<b>921.1</b>	<b>9.1 %</b>	<b>0.0</b>		<b>0.0</b>	
<b>Agency Unallocated Approp</b>											
Agency Unallocated Approp		0.0	0.0	0.0	0.0	0.0		0.0		0.0	
<b>Appropriation Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		<b>0.0</b>	
<b>Agency Total</b>		<b>59,709.8</b>	<b>57,564.8</b>	<b>57,891.1</b>	<b>57,580.2</b>	<b>-2,129.6</b>	<b>-3.6 %</b>	<b>15.4</b>		<b>-310.9</b>	<b>-0.5 %</b>
<b>Funding Summary</b>											
Unrestricted General (UGF)		24,189.6	16,349.4	16,964.5	16,653.6	-7,536.0	-31.2 %	304.2	1.9 %	-310.9	-1.8 %
Designated General (DGF)		28.4	28.4	28.4	28.4	0.0		0.0		0.0	
Other State Funds (Other)		12,105.6	10,191.9	10,206.7	10,206.7	-1,898.9	-15.7 %	14.8	0.1 %	0.0	
Federal Receipts (Fed)		23,386.2	30,995.1	30,691.5	30,691.5	7,305.3	31.2 %	-303.6	-1.0 %	0.0	

## Column Definitions

**15MgtPln (FY15 Management Plan)** - Authorized level of expenditures at the beginning of FY15 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

**18MgtPln (FY18 Management Plan)** - Authorized level of expenditures at the beginning of FY18 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

**19GovAdj (FY19 Governor w/LFD Adjust)** - FY19 Governor's Request with LFD Adjustments for proposed legislation and budget actions that require a supermajority vote.

**HSub Rec (House Subcom Recommend)** - House Finance Subcommittee Recommendations to the House Finance Committee.