

House Finance Budget Subcommittee FY 10 Department of Transportation

Subcommittee Report FY10

February 10, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Transportation (DOT) submits an operating budget for FY10 as follows:

GF	\$206,471.5	Fed Funds	\$3,988.2	Other Funds	\$301,188.9	Total	\$511,648.6
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Department of Transportation House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes \$13,077.6 less general funds and 8 less employees than the Governor's FY10 DOT request. The FY10 subcommittee budget requests, in general funds, a total decrement from 09 Revised Management Plan of \$3,375.6, and a total increment from the 09 Adjusted Base of \$1,126.4

The approach taken by the subcommittee was to first fully fund all non-discretionary funding increments related to wages, contractual increases and the like. The funding sources for these non-discretionary increments were evaluate and changed to minimized impact to the General Fund.

Fund source changes from CIP to GF were denied. The transfers of CIP Rcpts to GF fund may suggest that support costs are increasing more rapidly than the dollar value of Capital Improvement Projects, since they should be driven by that component of the budget. This results in less Capitol Improvement money being spent on construction because it is being used to fund overhead. The Department is also reaching the limit of what can be recovered through the Indirect Cost Allocation Plan (ICAP). DOT is still responsible for the same activities and bears the burden of those associated costs. GF might be an appropriate source to fund these cost increases, but during this budget cycle there is considerable pressure on the General Fund portion of the Operating Budget. Additionally the Economic Stimulus Package will bring in additional CIP funds and should relieve some of the pressure on the Indirect Cost Allocation Plan.

Fund source changes from RSS and SDPR to GF were denied. Fund source changes from Statutory Designated Program Receipts and Receipt-Supported Services, \$25.3 are related to the cost of services provided by the Department exceeding the revenue generated. Receipts and fees are fixed by statute, regulation or fair market value and control the amount of revenue received. The Department should work with the House Finance Committee to determine what portion of the Department's increased costs should be born by users.

Fund source changes from AMHSF to GF were denied. The Alaska Marine Highway System Fund has two funding sources; revenues from operations and capitalization from the State's General Fund. Recently the Alaska Marine Highway System (AMHS) has been increasing the GF portion of its' funding through fund source changes and GF increments. Keeping AMHSF as the primary funding source allows the Legislature to more easily monitor AMHS needs and expenditures. This enables the Legislature to look at budget shortfalls in operations and decide at what level increased costs should be borne by users or subsidized by capitalization of the Fund.

Fund source changes from FED to GF were denied. The only requested change that fits this criterion is too insignificant to justify reorganization.

Whittier Tunnel fund source changes were denied. Changing operations of the tunnel from CIP to Gambling Tax is a change to GF and was denied for the reasons listed for all CIP to GF fund source change denials. The request to fund extended hours for summer operations with Gambling Tax was denied and was funded instead with Cruise Ship Tax Revenue. This was the revenue source used last year, and it is a dedicated fund source which must be used to directly benefit the Cruise Ship industry. As the extended summer hours fit this criterion it is a more appropriate fund source than the Gambling Tax (GF).

Requests to restore one-time increments (OTI) to the Alaska Marine Highway System as a reoccurring increment were denied. In FY09 the Department requested that a funding increment be approved to compensate for additional expenditure of running a particular mix of vessels. Due to dry dock work the department was forced to use less economical vessels on route where they could not expect to increase revenue with increased ridership. As this was a budget scenario that would not extend into the next fiscal year it was funded as an OTI. To date there has not been sufficient explanation by the Department to justify either another OTI or a reoccurring increment.

The Governor's Request contains two new programs for Sidewalk Snow Removal; in Anchorage \$500,000 and in Juneau \$47,100.

The Department indicated that they have received Federal notification to increase sidewalk snow clearing as part of standard road maintenance. Funds for sidewalk snow removal equipment were appropriated in FY09 Capital Budget. This request is an operating increment to hire 8 permanent part time operators in Anchorage and 1 permanent part time operator in Juneau. The increments also reflect fuel and State Equipment Fleet costs.

The Personnel portion of the increment is denied for all 9 positions (\$327.1). Since the State is under a hiring freeze, new positions were not approved. The \$220.0 remaining in those increments for fuel and State Equipment Fleet rental is approved.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure
7. Transaction Comparison (Gov. and House Subcom)

Submitted,

Representative Foster
House Finance Subcommittee Chairman
Department of Transportation