

LTE: AMHS Fund Proposal

Over the past few years, funding for the Alaska Marine Highway System (AMHS) budget has drastically decreased and instead, there is an increased need to use revenue from passenger receipts to fund ferry operations. Despite relying more on passenger revenue, the system is harming itself by creating situations that make it difficult to receive more revenue. Uncertainty in funding and using the AMHS as a political football has affected the stability of the system, which directly impacts scheduling and the potential for revenue to be generated.

The AMHS Fund is comprised primarily of passenger receipt revenue and, along with Unrestricted General Funds (UGF), is appropriated to pay for operations. It has been drawn down year after year without much chance to recover. In Fiscal Year 2019 (FY19), the last year before AMHS was dealt a lethal cut, ferry passenger receipts generated \$50.8 million in revenue. In FY20 the system generated \$28.2 million, and in FY21 it is expected to generate \$25 million.

The decrease in service and ridership due to COVID and mechanical issues puts incredible strain on the AMHS fund to the point of it being over-expended. A supplemental appropriation of about \$6 million will be needed this year to help fill this gap. Going forward with this current proposed budget would yet again cause AMHS to start the FY22 by digging itself out of a hole.

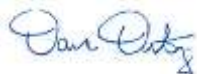
As chair of the House Finance subcommittee for the Department of Transportation I thoroughly scrutinized this situation and came up with an alternative solution to help stabilize funding for the system. My proposal is to replace any use of the AMHS Fund with Federal Funds in FY22, which will allow the AMHS Fund to grow back to a healthy, reliable balance. Revenue earned during the FY22 year will not be expended until FY23, providing greater security in funding. It will allow for better planning and dispatching of the fleet, and will open scheduling and reservations earlier. There is a direct correlation between when a schedule is released and revenue generated.

My proposal passed the Transportation Finance Subcommittee. The Department of Transportation budget, including my funding proposal, will be heard in House Finance in the coming weeks. The Senate is discussing a similar funding plan to utilize Federal Funds. I look forward to working with the House and Senate members to find creative solutions to protect our ferry system.

Travel, medical care, the economy, and daily life of Southeast Alaskans have been seriously affected by budget cuts to the AMHS. Almost all ports have seen decreased service, but some places, like Wrangell, have seen greatly reduced service.

As always, I am here to serve you. Please reach out to me if you if you have any questions, comments, or concerns by emailing Rep.Daniel.Ortiz@akleg.gov or calling 907-465-3824.

Respectfully,

A handwritten signature in blue ink that reads "Dan Ortiz".

Rep. Dan Ortiz