

ALASKA STATE LEGISLATURE  
JOINT COMMITTEE  
LEGISLATIVE BUDGET AND AUDIT  
December 5, 2001  
1:20 P.M.

MEMBERS PRESENT

Senator Gene Therriault, Chair  
Senator Randy Phillips  
Senator Gary Wilken (teleconferenced) (alternate)

Representative Hugh Fate, Vice Chair  
Representative John Harris  
Representative Reggie Joule (teleconferenced)  
Representative Ken Lancaster (teleconferenced)

MEMBERS ABSENT

Senator Dave Donley  
Senator Lyman Hoffman  
Senator Jerry Ward

Representative John Davies  
Representative Eldon Mulder  
Representative Bill Williams (alternate)

COMMITTEE CALENDAR

APPROVAL OF COMMITTEE MINUTES  
October 23<sup>rd</sup>, 2001

REVISED PROGRAMS (RPLs)  
03-02-0613

EXECUTIVE SESSION

AUDIT REPORTS  
Release of Preliminary Audits for Agency Response  
Release of Final Audits to Public

OTHER COMMITTEE BUSINESS  
Discussion with Commissioner Flanagan  
Department of Labor & Workforce Development  
School Cost Study  
Presentation by Adjutant General Phillip Oates  
Executive Summary on Anti-Terrorism

WITNESS REGISTER

HEATHER BRAKES, Legislative Assistant to  
Senator Gene Therriault  
Alaska State Legislature  
Capitol Building, Room 121

Juneau, Alaska 99801-1182  
Telephone: (907) 465-6590

DAVID TEAL, Director  
Legislative Finance Division  
Alaska State Legislature  
P.O. Box 113200  
Juneau, Alaska 99811-3200  
Telephone: (907) 465-3795  
POSITION STATEMENT: Addressed the RPL

PAT DAVIDSON, Director  
Legislative Audit Division  
Alaska State Legislature  
P.O. Box 113300  
Juneau, Alaska 99811-3830  
Telephone: (907) 465-3830  
POSITION STATEMENT: Introduced the audit reports

ED SNIFFEN, Assistant Attorney General  
Department of Law  
1031 West 4<sup>th</sup> Avenue #200  
Anchorage, Alaska 99501  
Telephone: (907) 269-5100  
POSITION STATEMENT: Spoke to RPL #03-02-0163

KATHRYN DAUGHETEE, Director  
(Testified via Teleconference)  
Department of Law  
Division of Administrative Services  
P.O. Box 110300  
Juneau, Alaska 99811-0300  
Telephone: (907) 465-3673  
POSITION STATEMENT: Spoke to RPL #03-02-0163

MAJOR PHIL OATES, Adjutant General/Commissioner  
Department of Military & Veterans Affairs  
P.O. Box 5800  
Fort Richardson, Alaska 99505-0800  
Telephone: (907) 428-6003  
POSITION STATEMENT: Report on Terrorism

ACTION NARRATIVE

**TAPE LBA 01-12, SIDE A**

CHAIR GENE THERRIAULT called the Joint Committee on Legislative Budget and Audit meeting to order at 1:20 P.M. on December 5, 2001. Members present at the call to order were Senator Therriault and Representatives Fate and Harris. Members present on teleconferenced line were Senator Wilken and Representatives Joule and Lancaster.

APPROVAL OF THE MINUTES

CHAIR THERRIault announced that the first order of business would be the approval of the minutes from the October 23<sup>rd</sup>, 2001 Legislative Budget and Audit Committee meeting.

VICE CHAIR FATE MOVED approval of the minutes and asked for unanimous consent. There being NO OBJECTION, the minutes were approved and adopted.

REVISED PROGRAM RECEIPT

**RPL Number: 03-02-0163**

Department of Law  
Consumer Protection

**\$20,000 SDPR/Operating Budget**

VICE CHAIR FATE MOVED that the Committee approve RPL No. 03-02-0163.

ED SNIFFEN, Assistant Attorney General, Department of Law, explained that the Legislature appropriated \$180,000 dollars in statutory designated program receipts (SDPR) in FY00 to enhance consumer protection efforts within the Department of Law using monies the State receives from the settlement of consumer protection and antitrust cases. Those funds cover the budgeted costs for an attorney and half-time paralegal position. Typically, the Department does not have enough funds in their budget to pay for significant direct case costs for pursuing specific cases. In such instances, the Department often seeks supplemental funding. In this situation, the amount of funds available to the State as a result of settlements and awards is in excess of the budgeted authority and should be used to fund the request.

Mr. Sniffen continued, the request would be used to pay for costs associated with an investigation regarding a car rental company in Anchorage. The project is document intensive. The requested funds would be used to pay for photocopying costs associated with the case. He offered to answer questions of the Committee.

CHAIR THERRIault asked the amount of money currently resting in that account and the expected additional monies that will be moving into that account.

KATHRYN DAUGHETEE, Director, Division of Administrative Services, Department of Law, [Testified via Teleconference], explained that currently, the collections in the statutory designated program receipts (SDPR) category for the Fair Business Practices Section is \$343,000 dollars. The Department of Law has a number of anticipated items between now and the end of the fiscal year totaling approximately

\$650,000 dollars. That number would bring the total FY02 collections to about \$1 million dollars. She added that the Department's spending authority is \$182,800 dollars.

DAVID TEAL, Director, Legislative Finance Division, commented that the Division's cash receipts from prior cases exceed authority to spend those receipts. The Department would like to spend some of the "surplus" receipts on preparation for another case. The issue is the authority, which is \$182,800 dollars, and the amount of available funds. The Committee will need to determine if they want to grant that authority for spending the extra cash.

CHAIR THERRIault understood that the money coming into that account is not the same each year. He acknowledged that the Legislature is required to budget for basic functions each year. He reiterated that there are funds moving into that account. He asked the level of discussion which took place during the "building" of the current year's budget.

KATHRYN DAUGHETEE responded that when the amount was originally appropriated, the Department had been looking at past years of collection. They agreed that it needed to be phased in. She noted that the \$180,000 dollars figure had been chosen because it would fund one attorney and a half time paralegal. Ms. Daughetee suggested that was the best option for getting the program off to an initial start. Over time, it became more clear to the Department that there are many more consumer protection issues, many of which focus on older Alaskans, than could be covered with current staff.

Ms. Daughetee clarified that the Department started with the \$180,000 dollar figure. The program is now in its' third year of appropriation. She added that the largest increase for FY02 results largely from the Bridgefelt fire settlement.

CHAIR THERRIault asked what number had been submitted by the Governor last year.

KATHRYN DAUGHETEE responded that last year, the Governor's budget was for \$180,000 dollars. The Department typically does not request for unanticipated costs within the cases. Most often funding is sought through the supplemental budget process. She stressed that the reason that the Department of Law was before the Committee at this time was because there is an imminent need within the agency and that the Legislative Budget and Audit Committee has the authority outside the supplemental process to appropriate SDPR.

CHAIR THERRIault voiced caution when using the LBA process to "go around" a decision specifically made by the Finance

Committees. He inquired the timing issue associated with the request.

ED SNIFFEN explained that the investigation requiring these funds was started in March 2001. The case is now at a point where the document photocopying is very apparent. A subpoena was issued for that information. The subpoena was disclosed by the entity that is being investigated. There were hearings at the end of November involving the Superior Court. The Court has ordered that the requested documents be turned over to the Department of Law. The Department will have fourteen days to copy those documents and return them back to that company. He added that the fourteen days will expire December 12<sup>th</sup>, 2001. The funds are needed immediately if the case is to move forward.

CHAIR THERRIault asked if there was a reason why some of the budgeted \$180,000 dollars was not being used to cover the copying costs. He thought that the funds could be restored through the regular supplemental process.

KATHRYN DAUGHETEE agreed that was an option. The difficulty for the agency is that those funds are earmarked to pay for staff salaries. She pointed out that the supplemental process often gets "down to the wire" with funding, which could prove to be too risky for the Department.

REPRESENTATIVE JOULE asked how important it was for the Committee to come through and provide the requested funding.

CHAIR THERRIault commented that he expected if the LBA Committee did not take action on the request, that the Department would come through and expend the funds from the current budget. Then they would take it into the supplemental request process. He understood that was not the Department's preferred way to handle the situation.

REPRESENTATIVE HARRIS discussed that current funding is designated for salaries.

KATHRYN DAUGHETEE acknowledged that was correct.

REPRESENTATIVE HARRIS asked if the budget contained any funds for other expenses associated with the program.

KATHRYN DAUGHETEE explained that the Department does not have any contingency funds for direct cases within the Department of Law. Most often, the Department will go to the client agencies to see if they have the funds to cover the costs or the agency will attempt to seek supplemental funding.

REPRESENTATIVE HARRIS questioned how the Department would come up with the funds if the LBA Committee did not authorize the \$20,000 dollars.

KATHRYN DAUGHETEE advised that the funds would have to be taken from another funding source. At that point, the Department would have to "hope" that the funds were refurbished through the supplemental appropriation process. She reiterated that there are no other places to charge the costs to.

REPRESENTATIVE HARRIS stated that "one way or another", the Department would do the photocopying.

KATHRYN DAUGHETEE commented that she could ask the Attorney General to "drop" the request. She did not have a sense of what his response to that would be. She agreed that if the LBA Committee did not provide the funding, action would still continue to move forward.

CHAIR THERRIAULT asked again if there was no other avenue available, outside of using the existing authorization through the Department, to cover the need. He inquired if there were any administrative accounts which had been established that could be drawn against.

KATHRYN DAUGHETEE clarified that the Department of Law does not have such funds or accounts.

SENATOR WILKEN noted that he was the Chair of that Subcommittee. He claimed that this year, the supplemental would be heavily scrutinized. He advised that this case is being pursued and that the copies need to be made. He supported the Department's request in order that the Legislature would not have to deal with the supplemental request.

CHAIR THERRIAULT inquired what had been requested in the Governor's FY03 budget.

KATHRYN DAUGHETEE responded that the FY03 budget was a "status quo" budget.

CHAIR THERRIAULT asked if that meant that the only request for that component was \$180,000 dollars.

KATHRYN DAUGHETEE stated that was correct.

ED SNIFFEN added that the designated program receipts are funds that the Department has collected from pursuant collection efforts and he understood that those funds were set aside just for this kind of need. He did not understand the present predicament or discussion. He pointed out that account was expected to have close to \$1 million dollars

before the end of the fiscal year. The purpose of the funds are for direct consumer related expenses.

CHAIR THERRIAULT claimed that the Legislature had set that aside as a type of accounting mechanism. He inquired if it could be established as a general fund function.

DAVID TEAL advised that this year, the SDPR would be considered as receipts to the Department and would be limited. If they were not spent, then those receipts would lapse into the general fund. They are essentially general fund program receipts. If the Department does not spend them, they become available for any purpose in FY03.

CHAIR THERRIAULT reminded members that there was a motion before the Committee to approve RPL #03-02-0163. There being NO OBJECTION, the RPL was approved.

#### EXECUTIVE SESSION

VICE CHAIR FATE made a motion, in accordance with Title 24 and 44, to MOVE into Executive Session for the purpose of discussing confidential items and personnel matters under Uniform Rule No. 22 and for the purposes of discussing confidential audit reports under Alaska Statutes 24.20.301. There being NO OBJECTION, the Committee went into Executive Session at 1:42 P.M.

CHAIR THERRIAULT requested that Commissioner Ed Flanagan, Department of Labor and Workforce Development, Dave Quisenbury, Department of Natural Resources, Pat Davidson, Legislative Auditor, her staff, the Legislative Finance Staff and Committee Staff, Heather Brakes be present for the Executive Session.

The Committee resumed Open Session at 3:15 P.M.

#### AUDIT REPORTS

VICE CHAIR FATE MOVED to release the following preliminary audits to the agencies for response:

- DPS/King Air Aircraft
- DCED/Regulatory Commission of Alaska
- DPS/Council on Domestic Violence & Sexual Assault
- DCED/Board of Dispensing Opticians
- ACS/Alaska Bar Association

There being NO OBJECTION, the preliminary audit reports were released for agency response.

VICE CHAIR FATE MOVED to release the final audit reports as public:

- DCED/Board of Chiropractic Examiners
- DCED/Board of Examiners in Optometry
- DCED/Board of Professional Counselors
- DOA/Division of Senior Services-Assisted Living
- DFG/Hunter Information and Training

There being NO OBJECTION, the audits were released for public response.

VICE CHAIR FATE MOVED that the Committee approve the following audit requests:

- DHSS/Division of Medical Assistance & Medicaid
- DNR/Division of Agriculture Revolving Loan Fund

CHAIR THERRIAULT noted that Legislative Auditor, Pat Davidson, had worked with the requestors. He pointed out that Senator Lyda Green had submitted the first request with regard to the Department of Health & Social Services, Division of Medicaid Assistance.

There being NO questions or OBJECTIONS, the audit request was approved.

CHAIR THERRIAULT advised that the second request had been submitted by Senator Lyda Green and Representative Jeannette James in regard to the Department of Natural Resources, Division of Agriculture, the agriculture revolving loan fund.

PAT DAVIDSON noted that she had worked with Senator Green on that request.

There being NO OBJECTION, the audit request was approved.

VICE CHAIR FATE MOVED to WITHDRAW the following audit request:

- DHSS/Mat-Su Youth Facility

PAT DAVIDSON noted that in January 2000, information was presented to the Committee following discussions with employees at the Department of Health & Social Services about the lack of a good working relationship between Department of Transportation & Public Facilities and Department of Health & Social Services with regard to one construction project. It appeared that there were issues for audit, however, it has been noted that the Department of

Law has engaged a consultant to come in to address some of those allegations.

Legislative Audit informed the LBA Committee that they would "stay on top" of that and if the Committee wished, they could approve an audit. The Committee did so.

Ms. Davidson advised that Legislative Audit has followed what the Department of Law consultant did and that the final report has been reviewed. Legislative Audit did conduct a preliminary review into facility construction management in general and specifically the Mat-Su facility. No significant construction management problems were found.

There being NO OBJECTION, the audit request was withdrawn.

#### OTHER COMMITTEE BUSINESS

CHAIR THERRIAULT advised members that the end of the calendar year was approaching. December 15<sup>th</sup> is the date that the legislative agencies start to close out their books for the calendar year. For any members who have travel reimbursement requests to be carried forward must submit them for processing.

#### School Cost Study

CHAIR THERRIAULT explained that the school cost study that is currently under the purview of the LBA Committee has met with the Association of Business Officers from school districts. From that association, based on a recommendation from the Department of Education & Early Development, Eddy Jeans, and approval by the LBA Chair, a working group of district business officers has been established to advise the consultants as they proceed with the study. In addition, there is an oversight committee, which consists of members Vice Chair Fate, Pat Davidson, Eddy Jeans, David Teal and Chair Therriault.

He advised that the oversight committee had met with the consultants in order to address expressed concerns regarding the manner in which the study was conducted. He expected that would be continued with the work done by the consultants, leading up to the report.

#### Anti-Terrorism Presentation by Adjutant General Phil Oates

SENATOR PHILLIPS commented that during the up-coming legislative year, it would be his personal commitment to address anti-terrorism for the health and safety of all the people of Alaska.

ADJUTANT GENERAL BG PHIL OATES, Commissioner, Department of Military and Veterans Affairs, voiced his appreciation for Senator Phillip's long-standing support for the military. He referenced the handout in Committee member's packets: [Copy on File].

"Executive Overview & Summary -  
Alaska's Terrorism Disaster Policy Cabinet"

Major General Oates noted that he would "set the stage". He acknowledged that it was an unusual situation for the Governor to propose a bill requesting eighteen months of spending and that the eighteen months were connected. He emphasized that the terrorists are not on a fiscal year planning basis, thus meriting the urgency of the request.

Major General Oates stated that on September 11<sup>th</sup>, there were more American deaths than on D-Day and/or Pearl Harbor combined. He pointed out that there is a tendency to devote government money and resources on all levels, to situations that occur frequently. He acknowledged that the chance of weapons of mass destruction and attack on Alaska are slim. However, if it does happen, the effects from that incidence within Alaska could be bigger than the cumulative affects of every disaster in Alaska including the 1964 earthquake.

There are targets in Alaska of symbolic and international significance with the oil infrastructure and pipeline. A disaster could cause environmental damage or economic loss for the nation. There are scenarios in which Alaska could lose the oil infrastructure for long periods of time.

He continued, there are large groupings of international people in the State with the number of tourists and cruise ships that pass through each summer. Alaska is also strategically located in the Pacific Rim and is out on the "front-lines" as far as the United States is concerned. Additionally, Alaska has a large transit of foreign carriers.

He emphasized that there is a threat to the State of Alaska. He requested that the Legislature sit with the Department of Military & Veterans Affairs and the Governor to help determine what risk the State is willing to assume. There would never be enough wealth in Alaska or any state, to provide 100% protection at every location. However, it is the responsibility of each member of the Legislative Body to access what risk should be taken and where and how our precious resources are spread.

Major General Oates pointed out that the report generated by the Disaster Policy Cabinet covered five major areas:

- Overall security, including transportation security
- Energy security
- Information security
- Consequence management

Major General Oates acknowledged that a biological agent like small pox attack could come from outside the Alaskan border or there could be an Anthrax contamination attack through the mail. He admitted that the possibility was slim at this point. Terrorism, at one time was a means to an end. At this time in history, terrorism is an end in and of itself.

Major General Oates continued that a reasonable approach has been taken by the Administration to strengthen programs that already exist.

- Emergency management
- Public safety
- Public health capability
- Medical capability
- Ability to communicate

The legislative intent would be to establish an office for eighteen-months to intensely work on the effort. He noted the sunset clause. The results could be interlaced with the current emergency management process.

Major General Oates explained that the intent would be to "hit this hard" during the first two weeks of the Session. Hopefully, to speed the process, the initial briefings could be devoted to a combined House and Senate session presentation for establishing the report and issues associated with it.

He added that Representative Mulder had indicated that the House Finance Committee would begin budget overviews with the Department of Military & Veterans Affairs.

Major General Oates stated that the Department expected to be challenged on what was essential. He advised, currently, the State of Alaska does not have suitable protection for the first responders. The State does not have the ability to go in and be protected. There is no basic decontamination table. There is a Level A hazardous material (HAZMAT) capability, which exists only in Anchorage, Fairbanks and in the National Guard. He stressed that the State needs more than the ability to deploy. Given the size of Alaska much more is needed.

Major General Oates pointed out that it is not only money, which is being requested, but also additionally changes to guarantee that the legislation fits the aspect of terrorism. There will be a legislative change package provided for consideration. It is intended that the Alaska State Legislature maintain a "strong" voice and go to the national level for changes which would affect the nation as a whole. One important aspect of that would be to have more access for use of the National Guard, similar to airport security now in tact.

He pointed out that the airport security package had been a change of events. He recommended that same model be followed, having a budget and legislation in place that would allow for quick access. In a free and open society, the way to deal with terrorism is to have an efficient, effective, and timely intelligence so that you can increase the level of protection where it is needed.

Major General Oates commented that many of the financial requests are driven by federal requirements such as increased airport and railroad security. Some of that would be achieved with federal monies. The airports could be closed if the State does not fund that. He stated that everyone must work diligently on these considerations.

Major General Oates noted that he has established principles to guide these efforts:

- To strengthen existing programs, especially those that protect and save lives;
- Prove capabilities for responding to all emergencies;
- Identify and protect assets of national and statewide importance;
- Maintain the continuity of government operations at all levels;
- Reinforce first responder capabilities;
- Use and pool resources to augment areas with inadequate capabilities;
- Maintain an appropriate balance between security and individual freedom;
- Maintain the ability to communicate at all times because the ability to manage a crisis depends on that ability;
- Maximize the use of existing or anticipated federal funding programs or grants; and
- Share costs at levels with the public and private.

Major General Oates added that there is also a larger report, which is not available for public distribution at

this time. He stated he would provide that report to the Legislature. He offered to answer questions of the Committee.

CHAIR THERRIAULT noted that he had requested Major General Oates to check on previous LBA action with regards to requests that came through for \$1.8 million dollars. He added that \$642 thousand dollars had been approved for equipment which federal funds are expected to come for. There was an additional request for \$1.2 million dollars, which the Committee tentatively approved, in case the federal funds did not come through. No money has yet materialized.

MAJOR GENERAL OATES pointed out that it was "hoped" that some of the \$40 billion federal dollars would come to Alaska. At this time, some funds have flowed to the State, primarily paid allowances for the National Guard, which comes into the military pay system. He added that there is a U.S. Department of Justice grant for a total of \$1.09 million dollars. The assessment for that grant has just been completed. The limits indicate that the money must be used for equipment to protect first responders. Therefore, the recommendation in the report is to use that equipment to establish another level A HAZMAT capability in Southeast Alaska. The Southeast region does not have one at this time. Additionally, those funds would provide basic protection capability for public safety officials if they need to go into a hazardous environment. At this time, the only requirement which the Department of Military & Veterans Affairs has identified is the federal money in the amount of \$1.09 million dollars. He emphasized that would be a one-time grant. There should be more funds in the future.

CHAIR THERRIAULT believed that would fall under the \$642 thousand dollars authorized. He added that no money has come forward for the \$1.2 million dollars at this time.

VICE CHAIR FATE asked if the \$1.2 million dollars did come through, would it be used for the Southeast HAZMAT.

MAJOR GENERAL OATES noted that the State would receive the \$1.09 million dollars. He reiterated that the recommendation would be to use it for the Southeast HAZMAT capability. Southeast is not covered at this time. After both Southeast and Valdez are covered, then the remaining funds would be used for police to buy proper protective equipment when moving into hazardous situations. He pointed out that there have been in excess of one hundred Anthrax situations within the State of Alaska. He did not believe that it would be okay if a first responder were put at risk during an assessment.

VICE CHAIR FATE asked if the capability in the pipeline areas was being worked.

MAJOR GENERAL OATES stated it was and that the Department is working diligently with the Alyeska Pipeline and their security.

CHAIR THERRIAULT referenced the \$1.09 million dollars equipment grant.

MAJOR GENERAL OATES acknowledged that was the correct amount.

CHAIR THERRIAULT noted that the LBA Committee had provided authorization for \$642 thousand dollars. He asked if the additional money would be rolled into next years budget request.

MAJOR GENERAL OATES understood that the funding would all be made available as soon as the report was submitted.

**TAPE LBA 01-12, SIDE B**

MAJOR GENERAL OATES commented that a contractor had assisted the Department, providing a comprehensive statewide assessment. The \$1.09 million dollars will come to the State as soon as the assessment is submitted. That money will come out of the requirements identified in the terrorism report. The money is identified as a State general fund requirement. Since it is listed in the priority recommendations, it would reduce the burden. He suggested that it could lower some of the State requirement. More details would be provided during the Legislative Session. The Department needs the authority to spend the federal dollars this budget year.

CHAIR THERRIAULT asked if the \$1.09 million dollars would include previous authorization.

MAJOR GENERAL OATES explained that the Department must move from the \$642 thousand dollars to the \$1.09 million dollar allocation in order to receive authority to spend federal monies.

CHAIR THERRIAULT asked if the Department anticipated utilizing part of the tentative authorization.

MAJOR GENERAL OATES replied only if it was authorized. As soon as the federal funds become available, the Department will let the Committee know.

SENATOR PHILLIPS inquired if the process being referenced was the one which had been identified a couple months ago.

CHAIR THERRIAULT noted that there were some questions if that action would be overstepping the administrative function of the Committee. He thought that it could be workable and that the Committee's action could be a tentative hold.

MAJOR GENERAL OATES commented that at the last presentation, the Department did not have enough information for the Committee to determine the way in which the money would be used.

CHAIR THERRIAULT spoke to the contractual versus the tentative approval role of the Legislative Budget and Audit Committee.

SENATOR PHILLIPS recommended that the language of the report should be more straightforward. He stressed that the language should indicate that what happened was a terrorist attack. He feared that as time passes, people would minimize the actuality of the attack if that language is not clearly defined.

MAJOR GENERAL OATES added that he has been participating in a national level seminar at Harvard. He claimed that the September 11<sup>th</sup> situation would define the military forever more. Winning the ground battle in Afghanistan will not end terrorism, and in fact could make it worse. Weapons of mass destruction are available to terrorist. Major General Oates commented that he did not want to over-state the situation, however, there has been a terrorist attack against our country, which killed, many.

SENATOR PHILLIPS reminded members that a terrorist attack has not occurred in the United States since 1812 during the British invasion.

MAJOR GENERAL OATES read from a handout:

"The domestic preparedness equipment grant is designed specifically and exclusively for first responder equipment. Therefore, funding from this grant can only be allocated within the State's list of equipment priorities. Given that as the case, to stage priorities for this grant, would be to equip Juneau and Valdez with level A hazmat team and individual protective equipment for law enforcement officers statewide. If grants become available in FY02, the State would use them for decontamination."

Major General Oates reiterated that was the intent of the Department, and that it was consistent with the highest recommendations.

SENATOR PHILLIPS asked if Major General Oates was confident that there could be an effective coordination regardless of the weapons used.

MAJOR GENERAL OATES replied that the State does have a "good start" on the process. The requested funds will provide the office with an eighteen-month period to lock in some of those procedures. That office will sunset and be assimilated into the emergency management process. The idea is to have the experts from the other supporting groups to work full time on the concern of dealing with weapons of mass destruction. The biggest shortfall rests in the medical and public health capability, which is true across the nation.

Major General Oates voiced appreciation to the Committee members for their consideration of the request. He added that the Department and the Governor would like to fast track the request. The Legislature needs to help determine how much risk they are willing to assume and how the resources are to be distributed.

VICE CHAIR FATE asked if it was anticipated that the Department would submit a supplemental request.

MAJOR GENERAL OATES acknowledged that the Department has already spent Department funds to provide the checkpoint on the pipeline road. State funds have also been used to assist in some of the actions taken as a result of the terrorist attack on September 11<sup>th</sup>.

Major General Oates pointed out that the State receives nearly \$3 million dollars a day from activity associated with the pipeline. He asked if members could imagine the effect on the State's economy if that was interrupted. It is prudent to spend State dollars to protect that resource. There is 800-miles of pipeline. Risks are taken for the protection of the line. Those risks are taken in the areas that can be repaired. The defense also rests in the intelligence that is required, and at this point, there is not enough intelligence integration within the State. Alaska needs to be able to use more National Guard members.

VICE CHAIR FATE inquired if the Department of Military & Veterans Affairs had been in discussion with Department of Transportation & Public Facilities.

MAJOR GENERAL OATES replied that they absolutely had.

VICE CHAIR FATE voiced concern about certain key points on the pipeline road.

MAJOR GENERAL OATES stated that there are some key points where the repair equipment is no longer being manufactured. He added that there are some points where, that if a person knew the location, could put the pipeline out of business for a long period of time. If the pipeline were to be put into a non working order during the wintertime over a 60-day period, the State would be in danger of loosing it permanently. He pointed out that someone could make an attack in Valdez, as it is an easy site to attack.

Major General Oates reiterated that the entire Legislative body needs to help the Administration address where the risk points should be. He voiced his appreciation for the opportunity to hold the briefing before the LBA Committee.

#### ADJOURNMENT

CHAIR THERRIAULT adjourned the Legislative Budget and Audit Committee at 3:50 P.M.