

HOUSE FINANCE COMMITTEE
January 12, 2001
1:39 PM

TAPE HFC 01 - 5, Side A
TAPE HFC 01 - 5, Side B
TAPE HFC 01 - 6, Side A

CALL TO ORDER

Vice-Chair Bunde called the House Finance Committee meeting to order at 1:39 PM.

MEMBERS PRESENT

Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair

ALSO PRESENT

Representative Gretchen Guess; Pat Pourchot, Commissioner, Department of Natural Resources; Mark Myers, Director, Division of Oil and Gas, Department of Natural Resources; Carol Carroll, Director, Division of Support Services, Department of Natural Resources; Nico Bus, Administrative Services Manager, Department of Natural Resources; Margaret Pugh, Commissioner, Department of Corrections; Dwayne Peoples, Director, Division of Administrative Services, Department of Corrections; Margaret Pugh, Commissioner, Department of Corrections.

PRESENT VIA TELECONFERENCE

Milton Miltse, Department of Natural Resources, Fairbanks;
Robert Wells, Department of Natural Resources, Palmer.

GENERAL SUBJECT(S):

REVIEW OF DEPARTMENTS ACCOMPLISHMENTS:
Department of Natural Resources
Department of Corrections

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	TAPE HFC 00 - 5 SIDE A	
000	VICE-CHAIR BUNDE	Explained the order of business and the departments that would be testifying at today's meeting.
		DEPARTMENT OF NATURAL RESOURCES
106	PAT POURCHOT, COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES	Stated that mission of the Department was to provide for the utilization, development and conservation of all the natural resources in the State for the maximum benefit of present and future Alaskans.
223	Commissioner Pourchot	Noted the four broad goals for the Department: <ul style="list-style-type: none"> * Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the State. * Doing it right. Ensure resource development planning, management and new project approvals are base on sound science, prudent management and responsive, meaningful public involvement. * Ensure resource sustainability and multiple use including recreational enjoyment of the resource base. * Streamline natural resource leasing, sales and permitting processes.
397	Commissioner Pourchot	Spoke to the measures of the Department. The first is Oil and Gas. The mission of the Division is to maximize responsible oil and gas exploration and development.
460	Commissioner Pourchot	Listed the measures associated with that mission.
537	Commissioner Pourchot	Mentioned the 8.5% growth rate in employment gains. He noted that Alpine just went into production, and the North Star project has shifted into high gear.
614	Commissioner Pourchot	Commented that the Division is not keeping up with the increased workload and that highly specialized personnel are retiring or being hired away. Additional technologies and skills are needed to ensure sound management of oil and gas

		resources and for the protection of the state's financial interests.
714	Commissioner Pourchot	Testified about the leases, currently being handled by the Department.
800	Commissioner Pourchot	The Division has held area wide lease sales. There have been \$12 million dollars of bids taken in. The North Slope area-wide sale was held in November was a significant sale. The division sold 713,000 acres, which was more than any other sale.
886	Commissioner Pourchot	In the last fiscal year, the Division issued the first exploration license. Also, the Division issued its first shallow natural gas lease in November.
933	Commissioner Pourchot	From July 1 thorough November 15, the Division received 696 assignments as compared to the 378 for FY00.
1002	Commissioner Pourchot	Commented on the State pipeline coordinating office functions.
1045	Vice-Chair Bunde	Asked what the Department would use that information for.
1057	Commissioner Pourchot	Mentioned the enhancement of the finding of oil. The Division has the ability to increase the royalty rate. The Division needs to know as much information as the oil companies have. To delineate the size, the credit should be determined when reducing the royalty from 12% to 5%. The data and the person who interprets that data are a very specific function.
1199	Representative Hudson	Asked where authority would rest when accessing that information.
1225	Commissioner Pourchot	Responded that the Division of Oil and Gas could make that decision.
1245	MARK MYERS, DIRECTOR, DIVISION OF OIL AND GAS, DEPARTMENT OF NATURAL RESOURCES	The State receives the data at a nominal cost. That info is available to a limited group of people. The data is <u>not</u> distributed to the Legislature. The authority to make the decision rests with the Commissioner of the Department of Natural Resources.
1342	Representative Croft	Asked when the royalty rate was established.
1364	Mr. Myers	Explained that the oil company will size the shoot. The companies will assess the prospects to determine the terms. Once something is discovered, the royalty rate is set. It would conform with an outline to make that determination. It is the Divisions responsibility to make sure that the State gets its fair share.

1471	Representative Croft	Questioned why that would be an issue.
1480	Commissioner Pourchot	Responded that to buy that information, it is an estimated cost of \$150 thousand dollars.
1502	Representative Whitaker	Asked the percentage of possessed 3-D data and the Department's ability to analyze that information.
1524	Mr. Myers	Explained that almost every field has that information and would cost less than 10% for the 3-D.
1557	Representative Davies	Questioned, of the data not available, how much is essential.
1579	Mr. Myers	Replied that the Department has had marginal success. To do a good job, multiple versions of the data need to be available and done routinely.
1625	Vice-Chair Bunde	Inquired if funds were available buy the data.
1638	Mr. Myers	Responded that it was both the funding costs and the technology, which is needed in order to be able to read the data. That training is only available internally through the good oil companies. It would be in the State's best interest to recruit some of those people. The Department does not have the support to read the current info.
1713	Commissioner Pourchot	Pointed out the State Pipeline Coordinating Office functions. * Miles of pipelines under jurisdiction * Miles of right of way under jurisdiction
1765	Commissioner Pourchot	Newest measure is activity on the natural gas pipeline. Will interface with federal counterparts. The Governor has submitted a budget item request to help the measure.
1835	Commissioner Pourchot	Addressed the number of water right files applied for and processed. At this time, there is a backlog of 500 pending applications. The Division cannot keep up with the measure. The Division proposes to fix the problem by proposing regulations to streamline the water rights program. The FY02 budget proposes a \$300 thousand dollar increment to increase the water rights staff so that the applications can be better processed. The Administration will propose a bill to establish a water use fee.
1960	Commissioner Pourchot	Division of Mining, Land & Water. The mission of the Division is to encourage

		environmentally sound use and development of Alaska's land, mineral and water resources. Additionally, they will measure the acres of land conveyed to municipalities.
2017	Commissioner Pourchot	Reiterated that they would measure acres of land sold and amounts of revenue generated from land sales.
2049	Representative Foster	Asked the increase of the land sales.
2073	Commissioner Pourchot	Stated that through SB 283, that bill provided the Department authority to offer land sales, which substantially increased the amount of land for sale. FY02 & FY03 will be the follow-up for that prep work.
2137	Representative Foster	Asked about the "home stead" option for the public.
2149	Commissioner Pourchot	Responded that some of those systems were not always successful. That system has evolved into something less than homesteading and more toward recreational cabin sites. Subdivision lots are another form of that. Many of the subdivisions are in more remote locations and away from urban areas.
2211	Representative Davies	Questioned the handout and asked the sudden increase of land available.
2226	Commissioner Pourchot	As the number of parcels increase, so do the number of acres that are included. To obtain a land offering does take a lot of area plans and a long time. The process involves community involvement and public comment. These components form the basis for disposal of land.
	TAPE HFC 01 - 5, Side B	Department of Natural Resources (continued)
000	Vice-Chair Bunde	Noted that Representative Hudson would Chair the Department of Natural Resources Subcommittee.
049	Representative Foster	Asked if there was hope that some of the acreage could be selected as State lands.
077	Commissioner Pourchot	Noted that the Department has worked with Bureau of Land Management (BLM) to improve the State lands. There are issues being worked out with BLM. They are requesting larger acreage for a township. The State is attempting to narrow the language. He thought it could be responsibly worked out.
201	Representative Hudson	Asked the Commissioner to provide a historical review of the land disposals.

227	Commissioner Pourchot	Touched on the agricultural lands sold and placed into production. The measure includes the number of active placers, load and coalmines and the number of mining claims staked and processed. Those loans are performing well.
349	Commissioner Pourchot	Mining claims-permanently involved in a number of mining prospects. Metal prices have dramatically increased in the State. The State has been struggling to deal with the claims and has developed a tremendous backlog. More funds have been made available to reduce the work. At this time, there is a much shorter wait with help from federal funding.
550	Commissioner Pourchot	Mining claim information will be able for accessing on the web.
583	Representative Whitaker	Asked if the mining claims resulted from increased ariel mapping.
617	Commissioner Pourchot	Addressed the geological and geophysical surveys. He noted that the federal areas are becoming less attractive. Approximately 3.8 million acres of ground are now under active exploration.
757	Commissioner Pourchot	Spoke to the Division of Parks and Outdoor recreation. At this point in time, the percentage of parks facilities open is 100%, which are 120 park units open. He noted the number of visits by site and type of use of state park units. The Division is struggling for ranger maintenance of the parks. He emphasized that there is only one seasonal ranger patrolling 1.5 million acres.
867	Commissioner Pourchot	Commented on the Division of Forestry. The annual volume of timber offered for sale and annual volume of State timber offered for in-state companies and then converting it to value added products. He continued, commenting on the percentage of fires in full and critical protection categories that were held to less those 10 acres. In FY00, that performance was 97.4% of which the total of 288 fires, 269 were in critical areas and 262 were less than 10 acres.
976	Commissioner Pourchot	Addressed maintaining daily completion of the on-line grantor/grantee and location indexing process for all documents accepted in the Recorder's office.
1055	Commissioner Pourchot	Mentioned the verification concerns. The Division is currently looking to imaging

		technology in the hopes of making better progress.
1142	Vice-Chair Bunde	Asked if the members would like to have a copy of the information presented.
1162	Representative Foster	Referenced the bill, page 35. He asked about the backlog of processing permits.
1194	Commissioner Pourchot	Acknowledged that there are cases that the Division will "never" be able to address. The current system is "broken" and needs adequate funding and the backlog is very large.
1248	Representative Foster	Emphasized that the Department does not have the funding to process the laws passed by the Legislature.
1283	Representative Davies	Referenced the Office of Management & Budget page, performance measures. He admitted it was difficult to do the cross-reference. He suggested that it would be helpful to get the formats to mesh.
1331	Commissioner Pourchot	Agreed. He added that the measures do not always jive with the fiscal year goals. He concluded the testimony.
		DEPARTMENT OF CORRECTIONS
1503	MARGARET PUGH, COMMISSIONER, DEPARTMENT OF CORRECTIONS	Reviewed the department's mission. Customers are the citizens of the State. Department charged to protect, through secure institutions, rehabilitation and treatment of offenders.
1570	Commissioner Pugh	Detailed the facilities operated by the department: 12 correctional centers, 14 probation offices, and 15 community jails.
1610	Commissioner Pugh	Discussed missions of the Office of the Commissioner: 30,686 bookings and 4,492 probation and parole - up 2.3 percent.
1683	Commissioner Pugh	Highlighted two new programs: substance abuse treatment program in Wildwood and Youthful Offender Program at Spring Creek. 85 percent of all offenders that enter the system have some substance abuse problems.
1740	Commissioner Pugh	Noted that the Youthful Offender Program at Spring Creek is for is a closed program for very young prisoners. It focuses on behavior and education.
1794	Commissioner Pugh	Community Corrections program is working more closely with victims.
1836	Commissioner Pugh	Working with management information system.
1854	Commissioner Pugh	Working on new jail for Anchorage, which is scheduled to open in 2002.

1872	Commissioner Pugh	Discussed measure 2 - percentage of intakes that have been in the system is misleading because it captures people that have been booked for the same offense due to bail.
1920	Vice-Chair Bunde	Questioned if the Department could develop a defensible recidivism number.
1940	Commissioner Pugh	Replied that the new management system would allow the development of a recidivism definition and data.
1960	Vice-Chair Bunde	Asked about the national standard.
1980	Representative Croft	Measure recidivism could be a measure of performance but not necessarily of how the Department is doing.
2010	Vice-Chair Bunde	Measure of Alaska's performance.
2018	Commissioner Pugh	Pointed out that a data population profile is done each December.
2063	Commissioner Pugh	Discussed measure 3 - number of days over emergency capacity. Since Nov. 1999 rarely over. The courts have stopped active monitoring in the Cleary case. The Department of Law has filed a motion to terminate. The court has indicated that it will be terminated.
2179	Commissioner Pugh	Reviewed Parole Board annual report. 590
2220	Commissioner Pugh	Discussed measure for Division of Administrative Services.
	TAPE HFC 01 - 6, Side A	Department of Corrections (continued)
015	Commissioner Pugh	Reviewed the measure for the Alaska Correctional Institutions. The numbers of released inmates is so small that another measure may be needed.
107	Representative Hudson	Pointed out that the intent was to provide tools for release. Vice-Chair Bunde added that it is also to keep inmates busy. Commissioner Pugh agreed that the program keeps the inmates visible and productively occupied.
215	Representative Foster	Stressed that rural inmates would have difficulty finding employment if they return to rural areas.
319	Commissioner Pugh	Responded to comments by Representative Croft regarding the direction of the Alaska Correctional Industry. The old focus was more on productive time in incarceration than in job training. The product fund is self-generating. Income does not go to the Department's general fund.
503	Representative Croft	Stressed that it is meant to sustain its self and not lose revenue.

577	Commissioner Pugh	Listed some of the goods and services operated by the Alaska Correctional Industries.
610	Vice-Chair Bunde	Summarized that the mission is to keep people productive and that it is not the Department's mission alone.
646	Commissioner Pugh	Agreed and added that the mission statement should be clarified.
666	Representative Croft	Asked what percentage of the people involved are getting into trouble and if that could be a better measure.
733	Vice-Chair Bunde	Emphasized the value of the work ethic.
780	Commissioner Pugh	Continued, the manager of the institution is looking for a safe secure institution site.
814	Commissioner Pugh	Reviewed the Division of Institutions. She noted that the State of Alaska is one of only 5 that operate a unified system. Jails are operated in 45 other states by counties, which makes it difficult to compare to national studies.
906	Commissioner Pugh	There have been two major instances of note: <ul style="list-style-type: none"> • The homicide by a prisoner; and • The use of deadly force by an officer during an attempted escape.
982	Commissioner Pugh	Added that there has also been a tuberculosis outbreak, which started at Spring Creek. The Division of Public Health has done an excellent job at tracking the illness. She interjected that Hepatitis C is also in the institutions.
1059	Commissioner Pugh	Reviewed Inmate Programs. A number of charts were provided. [On file].
1181	Representative Croft	Measure one of inmate programs - complete programs successfully. Noted that a lot of people can complete the program without invoking a change or result.
1255	Commissioner Pugh	Observed that the management system is not capable of providing the number of inmates with a GED. 12 - 15 percent of the GED's in the State were presented though the Department's program.
1447	Commissioner Pugh	Explained that the new system will allow better data for numbers of recidivism.
1531	Commissioner Pugh	Clarified discretionary and statutory parole. It is mandatory that a person sentenced for more than two years and had served that period of their sentence. They are supervised under mandatory release.

1612	Representative Hudson	Questioned if all inmates are State residents.
1635	Commissioner Pugh	Responded that not all inmates are State residents, however, most inmates are. Out-of-state residents cannot be returned to their state because they broke Alaskan law.
1714	Representative Hudson	Questioned if the inmates housed out of state are tracked to assure equality.
1729	Commissioner Pugh	The department manages the contract and requires that Alaskan standards be met. There is not an Alaska Correctional Industries program in Arizona. GED information includes Arizona inmates.
1876	Commissioner Pugh	Reviewed strategies and priorities. The Anchorage jail is one year from opening. The focus is on developing the operational plan.
1942	Commissioner Pugh	The focus is changing from reporting to the Court under the Cleary settlement to reporting to the Legislature. The Department is working on national accreditation.
2021	Commissioner Pugh	There is a community jail initiative.
2038	Commissioner Pugh	Continuing a focus on substance abuse, mental health, youthful offenders and education, management information system implementation.
2092	<u>ADJOURNMENT</u>	The Committee adjourned at 4:52 p.m.