

HOUSE FINANCE COMMITTEE  
January 18, 2001  
1:39 PM

TAPE HFC 01 - 14, Side A  
TAPE HFC 01 - 14, Side B  
TAPE HFC 01 - 15, Side A  
TAPE HFC 01 - 15, Side B

CALL TO ORDER

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

MEMBERS PRESENT

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

None

ALSO PRESENT

Representative Gretchen Guess; Representative Kevin Meyer; Representative Joe Green; Bruce Botelho, Attorney General, Department of Law; Dean Guaneli, Chief Attorney General, Criminal Division, Department of Law; Kathryn Daughetee, Director, Administrative Services Division, Department of Law; Dianne Barrans, Executive Director, Postsecondary Education Commission, Department of Education & Early Development; Sheila King, Finance Officer, Postsecondary Education, Department of Education & Early Development; Stephanie Cole, Administrative Director, Alaska Court System; Chris Christensen, Staff Counsel, Office of Administrative Services, Alaska Court System; Bill Cotton, Executive Director, Alaska Judicial Council, Anchorage.

PRESENT VIA TELECONFERENCE

Marla Greenstein, Anchorage.

GENERAL SUBJECT(S):

Review of Departments Accomplishments:

Department of Law  
 Alaska Commission on Postsecondary Education  
 Alaska Court System

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
	<b>TAPE HFC 00 - 14 SIDE A</b>	
000	Co-Chair Mulder	Convened the meeting of the House Finance Committee.
		<b>DEPARTMENT OF LAW</b>
069	BRUCE BOTELHO, ATTORNEY GENERAL, DEPARTMENT OF LAW	Spoke to the mission of the Department noting that the mission was to provide legal services to State government and to prosecute crime. He pointed out the handout distributed to Committee members. [Copy on File].
105	Attorney General Botelho	Explained that two divisions, the civil division and the criminal division accomplish the mission of the Department.
173	Attorney General Botelho	The Human Services section is located in the civil division. He highlighted the components located in the civil division.
222	Attorney General Botelho	<ul style="list-style-type: none"> <li>* Transportation</li> <li>* Human Services</li> <li>* Commercial</li> <li>* Special Litigation</li> <li>* Legislation/Regulations</li> <li>* Fair Business Practices</li> <li>* Environmental Law</li> <li>* Oil, Gas &amp; Mining</li> <li>* Collections &amp; Support</li> <li>* Governmental Affairs</li> <li>* Natural Resources</li> <li>* Statehood Defense</li> </ul>
382	Attorney General Botelho	Further enumerated responsibilities of each category.
468	Attorney General Botelho	Spoke in further detail regarding the fair business practices, which handles public utility & oil and gas pipeline regulations; occupational licensing; and postsecondary education.
517	Attorney General	Discussed Statehood Defense and the

	Botelho	sovereignty issues including the ANILCA challenges and the salmon treaty.
565	Attorney General Botelho	Referenced the Criminal Division and the offices associated with that Division.
592	Attorney General Botelho	* Criminal Justice Litigation & Legal Services which encompasses corrections legal services; public safety legal services; criminal justice legislation; DMV appeals; violence against women. * Special Prosecutions & Appeals division handles appeals; white-collar crime; environmental crimes; special fish & game violations; Medicaid provider fraud; welfare fraud & child support prosecutions.
638	Attorney General Botelho	The Criminal Division is comprised of the 1st Judicial District, 2nd Judicial District, 3rd Judicial District & the 4th Judicial District, each one applicable to a different area of the State.
694	Attorney General Botelho	Spoke to "who" the beneficiaries of the Department are. The objective is to serve the public. When prosecuting a case, the Department serves the public. When in litigation, it is usually to the benefit of all of Alaska. The Department has very specific clients with priority for the Executive, Legislative and Judicial Branches. For the most part, legal services are provided by lawyers within the Department, however, sometimes the services are contracted out.
846	Attorney General Botelho	Reviewed the performance outcomes of SB 281 and the Office of the Attorney General. He noted the success of the Office in achieving its missions should be measured by considering the cost of legal services to each State agency and whether the divisions and the offices in the Department meet the performance measures described hereafter.
939	Co-Chair Mulder	Requested a comparative analysis for those monies spent. The "look-back" is important. He inquired why Department of Corrections had not been included in the handout.
980	Attorney General Botelho	He explained that the charges relating to that Department would be listed in the criminal division analysis. He listed the costs rounded to the nearest hundred dollars to each state agency for legal services rendered by the Civil Division on behalf of those agencies during

		FY2000. The amounts include the cost of contract legal counsel and other costs external to the Department as well as Law's internal costs.
1010	Attorney General Botelho	Addressed the Division of Administrative Services. Admin Services measures the cost of the division compared to personnel costs for the departments and the number of late penalties incurred for payroll or vendor payments, and the number of audit exceptions. He outlined the benchmarks of that Division.
1075	Attorney General Botelho	Discussed the Civil Division and the measure of the monetary value of disputed oil and gas taxes and royalties received by the State through court judgment or settlement.
1126	Representative Croft	Asked the how much of the money owed was paid to the State.
1176	Attorney General Botelho	Commented that one of the difficulties when evaluating legal performance, the win/loss concept is not an appropriate measure to look at. The amount recovered is difficult. Many of the cases have been in litigation for up to five years. These numbers are not a reflection of what happens in one fiscal year. He acknowledged that it is a problem around the country.
1263	Co-Chair Mulder	Requested that the Subcommittee help in creating a system to help determine a way to figure that number out.
1280	Representative Croft	Discussed the danger in declaring a win or loss. He recommended that the State should pick cases that do not have the wrong incentive.
1320	Attorney General Botelho	Noted the transitions into collections and support. He indicated that the measure determines the monetary value of the criminal and civil judgments collected, including indigent defense costs, costs of incarceration for offenders convicted of driving while intoxicated, and other fines and costs owed to the State. Collections are consistent.
1422	Representative Hudson	Asked if the two receipts listed reflect long standing disputed tax issues.
1450	Attorney General Botelho	Advised that the old cases are finished. The receipts reflect only a small backlog of cases. At this time, dealing with the tax audits is what is current. He suggested that the amount of contention

		is narrower.
1494	Representative Hudson	Inquired if the expected funds could be predicted by Department of Revenue.
1512	Attorney General Botelho	Agreed, adding that the average over time produces the receipts from litigation.
1537	Co-Chair Mulder	Asked the outstanding tax settlement amount.
1550	Attorney General Botelho	Offered to research and provide that information.
1561	Attorney General Botelho	Discussed the timekeeping and support measure. The civil division marks the number of new case files opened, categorized by type of case for each year for the past five years.
1732	Attorney General Botelho	Responded to questions regarding the decrease in amounts collected from State judgments.
1793	Attorney General Botelho	Discussed the Human Services measure and the number of new cases opened relating to protecting children in the State against abuse and neglect and the caseload per attorney.
1857	Attorney General Botelho	In FY2000, 695 child protection cases representing more than 1,100 children were opened statewide. Noted that section indicates the placement of abused children and that 7% are still pending.
1885	Attorney General Botelho	Discussed the criminal division measure. The intention for that measure establishes a baseline for the number of violent felony prosecutions; felony drug case prosecutions and misdemeanor domestic violence assault prosecutions.
1969	Co-Chair Mulder	Commented on the danger that only 50% of the cases that are being tried.
2000	Representative Green	inquired if there was so much fluctuation due to the severity of the crime.
2024	DEAN GUANELI, CHIEF ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION, CRIMINAL DIVISION, DEPARTMENT OF LAW	Stated that as prosecutors, they do not take into account bed space. When the jails are full, attorneys meet with the prosecutors, consistent with public safety. There is a possibility that the courts would take those considerations into account. He commented on the strategy and the circumstances in which the decision could be affected. He noted that the types of crimes tend to be more alcohol related. The kinds of cases in rural Alaska tend not to go to trial as often. It is due to the nature of the crime and the offenders. There tends to be more of a feeling of cooperation.

2170	Vice-Chair Bunde	Asked about the bail standard and the advantage for corrections.
2190	Mr. Guaneli	Addressed the bail concern noting that it is always established accordingly.
2220	Representative Whitaker	Questioned the standard of prosecution in rural versus urban Alaska.
2236	Mr. Guaneli	The way that cases move through the system is different in rural Alaska. There tends to be a less of an antagonistic relationship. Appropriated resolution is more easily reached.
2274	Attorney General Botelho	Discussed the Office of Special Prosecution and Appeals, a measure in the Criminal Division for the number of new criminal cases reviewed for prosecution; the number of criminal cases resolved; the number of new appeals and petitions opened; the number of appeals and petitions resolved; and the average cost per criminal case reviewed and the average cost per appeal or petition opened.
2325	Attorney General Botelho	Commented on the intended changes to the Department. He noted the need for more training within the Department in order to look at the large institution that Alaska is and to minimize the number of conflicts bringing them to early resolution. Relieve some of the work of the staff.
	<b>TAPE HFC 01 - 14, Side B</b>	<b>DEPARTMENT OF LAW</b> (continued)
050	Attorney General Botelho	Noted an area of concern and exploration regarding how the advocacy to the highest courts of land should be done. He referenced the Court of Appeals and the US Supreme Court.
154	Co-Chair Mulder	Asked why the need.
167	Attorney General Botelho	There exists a need to serve as a "screen" for legal purposes and to provide a level of quality control. At present time, there exist varying levels of ability for writing briefs. He emphasized that the person arguing the case determines the success and that advocacy at the appellate level is a different league. State government must be represented effectively.
302	Co-Chair Mulder	Asked if the State needed that type of sophistication.
324	Attorney General Botelho	Explained that the State often appears before the Supreme Court. If these

		services were contracted out, that would be a much greater expense to the State.
398	Co-Chair Mulder	Asked if the State needs more specialized focus to enhance winnings.
421	Attorney General Botelho	Replied that there could be an incremental benefit to the State. He emphasized that the issue is important to the State and would improve the State's status.
470	Co-Chair Mulder	Recommended identifying the need through past performance. He thought it could be possible.
502	Attorney General Botelho	Looked forward to working with the Committee on this concern.
521	Representative Hudson	Asked how other states handled this problem.
542	Attorney General Botelho	Most of the larger states have an appellate unit. The Alaska system is a relatively good size for such a consideration. He pointed out that Alaska is much more active in natural resource component than the other states.
631	Representative Green	Asked if the Department currently has lawyers to handle this.
663	Attorney General Botelho	Advised that there are employees who have great skill levels. Currently, they are at their caseload maximum.
		<b>ALASKA POSTSECONDARY EDUCATION</b>
760	DIANE BARRANS, EXECUTIVE DIRECTOR, POSTSECONDARY EDUCATION COMMISSION, DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT	Addressed the mission of the Alaska Postsecondary Commission Budget Request Unit to provide postsecondary education financial assistance to Alaskans and to authorize the operation of postsecondary institutions in the State.
917	Ms. Barrans	Discussed the completion and placement rate of students attending Alaska institutions that offer job specific training programs; the percentage of loans issued by the Commission that are in default and the defaulted loan recovery rate..
976	Ms. Barrans	Discussed the key performance measures including the number of Alaska communities with access to medical services associated with WWAMI/UW and the percentage of WWAMI participants who return to the State to practice medicine. She added the number of patient visits provided to Alaskans through programs and physicians associated with the University

		of Washington School of Medicine WWAMI program; the number of health related programs developed in the State at are associated with WWAMI/UW and the number of research projects in or about the state associated with the UW School of Medicine WWAMI program.
1016	Ms. Barrans	Reviewed charts on pages 4, 5 and 6.
1052	Representative Davies	Referred to the number of communities with access to medical services associated by WWAMI.
1113	Co-Chair Mulder	Reviewed measures relating to participants who return to the State on page 3. He noted that there is a 29% increase in the number of health related programs developed in the State that are associated with WWAMI but questioned the total number.
1232	Co-Chair Mulder	Reviewed the third measure on page 3 - number of research projects in or about the State associated with WAMI and asked for clarification.
1312	Ms. Barrans	Noted that the default rate is dropping while the repayment rate is increasing. Discussed forgiveness. Fewer than 1 in 4 teachers that go into the program complete their degree and return to the State.
1497	Ms. Barrans	Discussed criteria for the Alaska Teacher Loan program. Participants must be an Alaskan high school graduate and return to teach in a rural school. Participants are not necessarily from rural areas.
1547	Representative Davies	Noted that the return rate is twice as high for rural teachers in areas where the program is active.
1590	Co-Chair Mulder	Questioned if there was approximately \$1.7 million dollars available for the program.
1601	Ms. Barrans	Stated that the amount was not set. There are a number of nominations from school districts. The nominations are generally around 90.
1661	Co-Chair Mulder	Noted that the nominations are for 4 - 5 year programs.
1672	Ms. Barrans	Observed that not every participant remains in the program for the entire time. Stated that a nominee has never been denied.
1717	Vice-Chair Bunde	Recommended that the drop out number be ascertained. He observed that only about 20 percent of the general college

		population graduates. He concluded that the loan participants are subsidizing the forgiveness of student loans.
1766	Ms. Barrans	Clarified that there are also earnings on investments. She observed that those that do not complete the program and go on to teach repay their loans with interest.
1806	Representative Hudson	Recommended that data be collected on the number of areas that are requesting teachers.
1866	Ms. Barrans	Spoke to the Alaska Student Loan Corporation Income/Loss Trend.
1897	Vice-Chair Bunde	Suggested that the returned dividend fund should stay in the Commission. He asked the default rate 20 years ago.
1935	Ms. Barrans	Replied 27%
1946	Representative Whitaker	Like the idea of keeping the money in the company.
1991	Co-Chair Mulder	Spoke to the dividend to be returned to the state.
2006	Ms. Barrans	Stated that it would amount to \$4 million dollars.
2017	Representative Green	Asked what caused the contribution to flatten out.
2038	Ms. Barrans	Replied that this is a balancing act. The intent is to fund their own activities while lower rates.
2057	SHIELA KING, FINANCE OFFICIER, POSTSECONDARY EDUCATION COMMISSION, DEVELOPMENT OF EDUCATION AND EARLY DEVELOPMENT	The leveling off resulted from bonding out. The interest on the assets that they would have owned is given out. The bonds that are maturing do not exceed the amount of cashed being used. There remains a significant expense.
2112	Representative Whitaker	Asked about fluctuating bonds affecting the student loans.
2129	Ms. Barrans	In 1999, there was a decrease in the lending rate. It became a very competitive environment. The rate that the person pays going into, is not always the same rate that they pay coming out of the loan. She spoke to the varying rates resulting from a healthy economy and entering the workplace with little training.
2196	Vice-Chair Bunde	Stated that it is typical that a student graduating with a \$40,000 dollar debt would keep most young people from moving forward.
2222	Representative Hudson	Asked the number of students that are completing on an annual basis and the

		number of issued new loans.
2239	Ms. Barrans	They do not track that data. 30% of the annual applicant pool is a new time borrower.
2296	Ms. Barrans	Addressed the chart illustrating the accumulated deficit of fund equity.
	<b>TAPE HFC 01 - 15, Side A</b>	<b>ALASKA POSTSECONDARY EDUCATION (continued)</b>
056	Co-Chair Mulder	Stated that the graph indicates positive fund equity.
133	Ms. King	Commented on the profit rolling into the retained earnings. Projected that in 2002 there will be a positive retained earning.
208	Representative Davies	Asked about the chart.
226	Ms. King	Explained that the General Fund money given to the corporation in the 90's was considered revenue and helped the Commission to show positive revenue. That makes up the general fund dollars. The trend line is positive.
		<b>ALASKA COURT SYSTEM</b>
329	STEPHANIE COLE, ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM	Explained that the mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it and to decide such cases in accordance with the law, expeditiously and with integrity. She listed the purposes of the courts.
467	Ms. Cole	Explained the patterns resulting this year. Within the case load there were many new felonies filed on criminal and violent crimes. Violent crimes are a large part of what the Court System does.
591	Ms. Cole	There has been a 9% increase in felony filings in Anchorage. Felonies cases are the ones that most likely go to trial. Children cases continue to rise. In Bethel, children's cases are up 17%. Within the domestic side, there continues to be an increase.
700	Ms. Cole	The focus is to guarantee that cases are treated fairly and quickly. The Alaska Court is very concerned with delay. There is a constitutional requirement to speedy trial. Being brought to trial within 180 days. If a defendant is not brought to trial within that time, then the case is dismissed through Rule 45. She noted that the goal was for 100%

		compliance.
813	Co-Chair Mulder	Why is the Alaska Court System was not listed in SB 281.
847	CHRIS CHRISTENSEN, STAFF COUNSEL, ALASKA COURT SYSTEM	The judicial branch is separate from the departmental concerns. He added that there are a number of constitutional and statutory measures that predate what the legislature and executive branch has been doing.
917	Co-Chair Mulder	Requested that Mr. Christensen work with the Subcommittee Chair to accomplish the concern at hand.
1033	Ms. Cole	Referenced Page 5 of the handout. She noted the amount of money collected from the general fund. Page 6. Page 7 - collected against the Permanent Fund Dividend.
1130	Ms. Cole	Prior to 1988, Alaska was consistent with other states and thousands of bench warrants were issued and never collected. Currently, there is a judgment placed against the person if they do not pay the bench warrants. She stated that there has been a remarkable difference.
1206	Ms. Cole	Have eliminated procedures that were not working.
1221	Representative Davies	Also eliminated an irritant for many constituents by focusing on the bench warrants.
1270	Ms. Cole	Reiterated that the handling well and expeditiously is the Court's priority. The Courts handle their own procurement and computer systems.
1311	Ms. Cole	However, the most effort goes into handling the caseload.
1323	Ms. Cole	Outlined the projects being pursued with federal funds: * Drug Courts-reduce recidivism rates received a three year grant * Mental Health program - funding from the Mental Health Trust Authority * Alcohol Project - uses the drug Meltrixin and is being assisted by the Anchorage Downtown partnership.
1549	Ms. Cole	Emphasized that people are very excited by these projects.
1568	Ms. Cole	She noted that there are more and more people coming to court without an attorney. It is also difficult for the court as the proceedings takes longer. The problem rests with the attorney costs. The Judicial system can get

		reimbursement to CSED. That action does appear in the budget this year as a transfer from Child Support Enforcement Division (CSED).
1644	Vice-Chair Bunde	Asked how often the court would order the permanent fund dividend given to CSED.
1681	Representative Croft	Stated that the court can "input" income.
1715	Ms. Cole	Stated that this was not an uncommon practice.
1727	Ms. Cole	Spoke to the stressed court in Bethel, which is where the caseload is. A district court judge could be appointed. Unfortunately, there has not been a qualified judge to help.
1765	Vice-Chair Bunde	Asked why the Court could not find a qualified district court judge.
1780	Ms. Cole	Stated that was correct.
1785	Ms. Cole	Voiced appreciation of construction of the new court building in Fairbanks. Establishing the last effort.
		<b>ALASKA COMMISSION ON JUDICIAL CONDUCT - ALASKA COURT SYSTEM</b>
1872	WILLIAM COTTON, EXECUTIVE DIRECTOR, ALASKA JUDICIAL COUNCIL, ALASKA COURT SYSTEM	Explained the mission of the Commission, which was created by an amendment to the State Constitution in 1968. The Commission is composed of three State court judges, three attorneys who have practiced law in the State for at least ten years, and three members of the public. The group of nine individuals are from differing backgrounds and geographical areas address problems of judicial conduct and disability. Any person may file a complaint alleging judicial misconduct.
1971	Mr. Cotton	Addressed the unique role of the Commission and their effectiveness. He noted that information of the Commission is made available on the internet.
2033	Vice-Chair Bunde	Asked how many people use the web site.
2047	Mr. Cotton	Replied that one day there were 50,000 hits on the web site. It provides an incentive for the judges to really do their job. It involves accountability. A good many people use the information.
2090	Representative Whitaker	Asked if there was a guideline to determine the qualifications of the judges.
2107	Mr. Cotton	<p>*Integrity;</p> <ul style="list-style-type: none"> <li>• ability to be fair;</li> <li>• legal ability;</li> <li>• the willingness to treat people with</li> </ul>

		<p>respect;</p> <ul style="list-style-type: none"> <li>• to get cases done on time;</li> <li>• willingness to work hard.</li> </ul> <p>He offered to provide the memo discussing that concern.</p>
2152	Representative Whitaker	Asked if there was constitutional statute requirement.
2168	Mr. Cotton	Replied that it is in statute.
2179	Mr. Cotton	Noted that magistrates are not screened.
2186	Mr. Cotton	Judges have to have been in law practice for several years.
2199	Mr. Cotton	Council makes recommendations regarding retention of judges. The Council also interviews judges.
2242	Mr. Cotton	Reviewed research projects. The Council worked with the Criminal Justice Assessment Commission. Civil case data is being collected. Evaluations will be provided to the Legislature on Drug Court, Therapeutic Justice programs.
2321	Mr. Cotton	Comprehensive study of the criminal justice system will be completed by the summer of 2002. There is a small increment for this study and it is the only one in their budget.
2355	Representative Lancaster	Questioned if the voters have enough information on judges.
2367	Mr. Cotton	Felt that the information was good but would like to see more.
	<b>TAPE HFC 01 - 15, Side B</b>	<b>ALASKA JUDICIAL COUNCIL - AK. COURT SYS. (continued)</b>
022	Co-Chair Mulder	Felt that the information was sufficient. He emphasized that the subjective evaluation (does this judge think like I do?) is more difficult to provide.
091	Mr. Cotton	Stressed that the Council is very diverse and that liberal and conservative members are represented.
122	Co-Chair Mulder	<b><u>ADJOURNMENT</u></b>  The meeting was adjourned at 4:00 p.m.