

**ALASKA STATE LEGISLATURE  
JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT**

January 24, 2002

12:05 p.m.

**MEMBERS PRESENT**

Senator Gene Therriault, Chair  
Senator Lyman Hoffman  
Senator Randy Phillips  
Senator Jerry Ward  
Senator Dave Donley  
Senator Gary Wilken, alternate

Representative Hugh Fate, Vice Chair  
Representative Ken Lancaster  
Representative Reggie Joule  
Representative Eldon Mulder

**MEMBERS ABSENT**

Representative John Harris  
Representative John Davies, alternate  
Representative William K. "Bill" Williams, alternate

**COMMITTEE CALENDAR**

APPROVAL OF MINUTES  
EXECUTIVE SESSION  
AUDIT REPORTS  
OTHER COMMITTEE BUSINESS

**WITNESS REGISTER**

PAT DAVIDSON, Legislative Auditor  
Division of Legislative Audit  
Alaska State Legislature  
333 Willoughby Avenue  
PO Box 113300  
Juneau, Alaska 99811-3300

POSITION STATEMENT: Spoke on behalf of the Division of  
Legislative Audit.

**ACTION NARRATIVE**

TAPE 02-1, SIDE A  
Number 0001

CHAIR GENE THERRIAULT called the Joint Committee on Legislative Budget and Audit meeting to order at 12:05 p.m. Members present at the call to order were Senators Therriault, Hoffman, Phillips, Ward, and Wilken, and Representatives Fate, Lancaster, and Mulder. Senator Donley and Representative Joule came in later.

#### **APPROVAL OF MINUTES**

REPRESENTATIVE FATE made a motion for the approval of minutes from the meeting on December 5, 2001.

CHAIR THERRIAULT asked whether there were any objections. There being none, the minutes from the December 5, 2001 meeting were approved as read.

#### **EXECUTIVE SESSION**

REPRESENTATIVE FATE made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 12:07 p.m.

CHAIR THERRIAULT brought the committee back to order at 12:35 p.m.

SENATOR PHILLIPS made a motion to move the committee back into regular, open session. There being no objection, the committee was brought back into regular session.

#### **AUDIT REPORTS**

Number 0043

SENATOR PHILLIPS made a motion for the preliminary audit for the Alaska Court System, Judicial Salaries Review, to be released to the appropriate agency for a response.

CHAIR THERRIAULT, hearing no objection, released the audit to the court system for a response.

SENATOR PHILLIPS moved to release the following final audit

reports to the public: Department of Community and Economic Development, Regulatory Commission of Alaska, Sunset Review; Department of Public Safety, Council on Domestic Violence and Sexual Assault, Sunset Review; Department of Public Safety, Division of Fish and Wildlife Protection, Aircraft Section; Department of Commerce and Economic Development, Board of Dispensing Opticians, Sunset Review; Alaska Court System, Board of Governors, Alaska Bar Association, Sunset Review.

CHAIR THERRIAULT asked if there were any objections to the release of those final audits.

SENATOR WILKEN informed the committee that he is a shareholder in a utility that has had, and currently has, a docket with the Regulatory Commission of Alaska.

CHAIR THERRIAULT told the committee he had an aide working in his office who is the son of an interested shareholder; however, the aide would not be working on anything that could be a conflict of interest.

CHAIR THERRIAULT, hearing no objection to the release of the aforementioned final audits, released them to the public.

#### **OTHER COMMITTEE BUSINESS**

Number 0072

CHAIR THERRIAULT moved on to other committee business. He pointed out that the school-cost study is ongoing, and he made note of the quarterly report. He said that the oversight committee, composed of Representative Fate, Pat Davidson, David Teal, Eddy Jeans, and himself, was slated to have a teleconference meeting with the consultants on February 1. He asked Pat Davidson for an update on the Division of Family and Youth Services (DFYS) audit.

Number 0080

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, said that distributed with the audits was a memo explaining the current status of the audit. She said that DFYS is working on gathering data to be looked at as part of this review. She then told the committee about the statewide self-assessment that must be completed before the review group is assembled to review cases.

MS. DAVIDSON described the foregoing as a "gathering together of external stakeholders" such as special masters from the court system, public defenders, and assistant attorneys general who have worked with DFYS. She said these "stakeholders" are being asked what is working and what is not working. She said that they are developing a "risk assessment." Ms. Davidson spoke of a December meeting at which comments and information were gathered together. She said that another meeting will take place in February to review what happened in the first session and to determine whether there should be any additions or changes. Ms. Davidson said the review will be combined with the data and sent to the federal agency as the planning process continues. She made it clear that the case-file review is scheduled for June of 2002. Ms. Davidson said that she and her staff are actively monitoring the case-file review; training for her staff is taking place. Ms. Davidson made it clear that she and her staff are observing the process as it moves forward.

Number 0126

REPRESENTATIVE LANCASTER asked Ms. Davidson if the stakeholders would visit with parents and children.

MS. DAVIDSON answered that when the actual case files are reviewed, children and parents would be contacted.

Number 0134

SENATOR WARD made note that 50 cases from Anchorage and two other places would be selected for review.

MS. DAVIDSON explained that the two other places had not yet been determined. She said the "risky locations" would be determined in the self-assessment.

SENATOR WARD commented that there might not be any cases from the Kenai Peninsula.

MS. DAVIDSON responded, "It's possible."

Number 0144

REPRESENTATIVE LANCASTER followed up, saying it would make sense to try to take some cases from the regional hubs in order to get a broader perspective.

MS. DAVIDSON said, "I feel that we need to be involved." She explained that at the end of the review process, the committee will look to her and ask if the review was a good overall assessment; she needs to be able to answer the committee's question. According to Ms. Davidson, the goal of the federal review is an overall assessment statewide. She said that if there are questions after the review process, "they might have developed very good tools" to look at specific offices.

Number 0174

CHAIR THERRIAULT brought up the Denali Commission and encouraged committee members to attend an overview on the subject. He claimed that he had been to the commission and discussed federal money to the state, sustainability, and other issues.

CHAIR THERRIAULT spoke on the gas pipeline contract. He said the committee is trying to assess "how much leftover money is there" and said the money left over would be used to fund the "Arctic Power initiative." He told the committee that the amount would be between \$600,000 and \$700,000 out of the \$1.5 million. Chair Therriault said he would be working with Senator Donley and Representative Mulder on exact numbers. He said, whether Arctic Power gets slightly less than originally planned or the agencies are asked to absorb any shortfalls remains to be seen.

SENATOR PHILLIPS brought up the September 11, 2001, terrorist attacks. He asked how prepared the state is today, and what the executive branch has proposed in the way of public health and safety. He made it clear that he was not saying anything was wrong, nor was he asking for an audit. He asked Ms. Davidson to clarify.

Number 0219

MS. DAVIDSON told the committee that the executive branch was looking to see if there were any criteria or guidelines at the federal, state, or city levels describing priorities. She said after that search for criteria there would be a question to the departments asking, "Where are we?"

SENATOR PHILLIPS said that he felt there should be a body in the legislature to overview and give another view of potential risks. He said he "just wants to make sure we're covering all

our bases."

Number 0237

SENATOR WILKEN expressed interest in the committee looking into the "70-percent requirement" whereby 70 percent of school district monies go into instruction. He said that the legislature and governor's 1998, education reform effort, was linked to several school districts putting more into administration than instruction. He conveyed how this situation lead to "70 percent." He told how, slowly, school districts had been made to shift more and more into instruction, and he pointed out how the numbers had stabilized at 70 percent. Senator Wilken explained that school districts that are not able to achieve the 70 percent requirement submit their explanation to the board of education which then rules as to the validity of the claim.

SENATOR WILKEN said the committee needs to see the process by which the board approves the waivers. He gave an example. He said that the committee wants to know why schools cannot conform to the 70 percent requirement and then have the school district "do something in order to get that amount of instruction into the school district."

SENATOR WILKEN asked that the board of education come and talk to the committee about the criteria for their decision on waivers. He then said that the stable number of 70 percent would allow for annual tracking and comparison. He said the purpose for the 70 percent requirement is "more teaching and less administrating."

Number 0276

CHAIR THERRIault said that he had sat down and read through state school board actions for a sense of the trend. He asked Senator Wilken whether he wanted the Legislative Budget and Audit Committee to hold the meeting, or whether perhaps it should be specific education committees from the House and Senate.

SENATOR WILKEN answered that he wanted not to "just-rubber stamp these requests, so that next year you get the same thing." He claimed the purpose of the request is to see what is wrong. He told Chair Therriault that however he would like to do it was fine with him.

CHAIR THERRIAULT said that the way he had been planning to deal with it was to get together with the chairmen of the [House and Senate committees that deal with] education and see how they would like to be a part. He added that it may be that some of the school districts are able to give a satisfactory explanation as to why they cannot achieve the 70 percent requirement. He agreed with Senator Wilken that it would be wrong to issue waivers year after year to schools that do not meet the requirement.

CHAIR THERRIAULT made it clear that he did not intend to consider any Revised Programs-Legislative (RPLs) during the session without consultation with the co-chairs. He said the committee will most likely be meeting only once a month to deal with audit issues.

#### **ADJOURNMENT**

There being no further business before the committee, Chair Therriault adjourned the Joint Legislative Budget and Audit Committee meeting at 12:58 p.m.