

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

August 22, 2002

1:15 p.m.

SENATE MEMBERS PRESENT

Senator Lyman Hoffman
Senator Gary Wilken
Chair Gene Therriault

HOUSE MEMBERS PRESENT

Representative John Harris
Representative Ken Lancaster
Representative Eldon Mulder
Representative John Davies
Vice Chair Hugh Fate

SENATE MEMBERS ABSENT

Senator Jerry Ward
Senator Randy Phillips
Senator Dave Donley

HOUSE MEMBERS ABSENT

Representative Reggie Joule

COMMITTEE CALENDAR

REVISED PROGRAMS (RPLs)
OTHER COMMITTEE BUSINESS
AUDIT REPORTS
VETERANS' HOME STUDY
AUDIT REQUESTS
FEDERAL REVIEW OF DIVISION OF FAMILY & YOUTH SERVICES

PREVIOUS ACTION

No previous action to record

WITNESS REGISTER

SUSAN SCUDDER, Executive Director

Council on Domestic Violence & Sexual Assault
Department of Public Safety
P.O. Box 111200
Juneau, AK 99811-1200

KAREN REHFIELD, Director
Education Support Services
Department of Education and Early Development
801 W 10th Street, Suite 200
Juneau, Alaska 99801-1894
POSITION STATEMENT: Discussed RPL Number 05-02-0845.

STAN FOO, Mining Section Manager
Division of Mining, Land & Water
Department of Natural Resources
550 W 7th Avenue, Suite 650
Anchorage, AK 99501-3576

MILT WILTSE, Director
Division of Geological & Geophysical Surveys
Department of Natural Resources
794 University Avenue, Suite 200
Fairbanks, AK 99707-3645

NICO BUS, Administrative Services Manager
Division of Support Services
Department of Natural Resources
400 Willoughby Avenue, 5th Floor
Juneau, AK 99801-1724

KARLA SCHOFIELD, Deputy Director
Legislative Affairs Agency
State Capitol
Juneau, AK 99801-1182
Room 222 Terry Miller Bldg

PHILLIP VOLLAND
Volland & Taylor, PC
211 H Street
Anchorage, AK 99501

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

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

HEATHER BRAKES, Staff
Senator Therriault
Joint Committee on Legislative Budget & Audit
Alaska State Legislature
Capitol Building, Room 121
Juneau, AK 99801

POSITION STATEMENT: Testified with regard to the education study.

NANCY SLAGLE, Director
Division of Administrative Services
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898

POSITION STATEMENT: Explained the need to change the title of four projects.

DAVID TEAL, Legislative Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
PO BOX 113200
Juneau, Alaska 99811

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

TAPE LBA 6, SIDE A

CHAIR GENE THERRIAULT called the Joint Committee on Legislative Budget & Audit to order at 1:15 p.m. on Thursday, August 22, 2002. Senators Therriault, Hoffman, and Wilken, and Representatives Harris, Lancaster, Davies, and Fate were all present at the roll call.

REVISED PROGRAMS (RPLs)

RPL Number: 06-03-0082

CHAIR THERRIAULT announced that the first order of business would be the RPL for the Department of Health & Social Services, Juvenile Offender "Going Home" Re-Entry Initiative.

LAURA BAKER, Budget Chief, Division of Administrative Services, Department of Health and Social Services, explained that the

request before the committee is related to the \$211,881 federal receipts from the U.S. Department of Justice under the serious and violent offender re-entry initiative. The funds will be used by the Division to enhance the management of juveniles that are being released after long term confinement from the McGaughlin Youth Center.

VICE CHAIR FATE asked if a motion should be made.

CHAIR THERRIAULT stated that would be fine after the discussion wraps up. He then asked Ms. Baker why the funding was not included in the budget.

MS. BAKER replied that because the original grant proposal stated the funding would go to private non-profits the Division did not apply for the grant. In July of 2002 the division received official notification that the focus of the grants had changed and would be going to state agencies that would coordinate with community partners. That notification came on July 22, 2002.

CHAIR THERRIAULT asked if there were questions of the committee members. And noted that Legislative Finance had stated that no general funds were needed for this project in future years, general funds may be required to secure alternative funding sources. He wanted to know if that was for any future match requirement.

PEGGY WARE, Division of Juvenile Justice, Department of Health & Social Services stated that at this point the federal government funding for research and programs for re-entry programs so at this point they don't anticipate the use of general funds.

SENATOR HOFFMAN inquired about the bulk of the funds being used as grant money and wanted to know where the grants would be going.

LAURA BAKER stated the grant money would go to Alaska Children's services.

There were no further questions from committee members.

VICE CHAIR FATE moved that the Committee approve RPL 06-03-0082. With no opposition the RPL was approved.

RPL 10-03-4023

CHAIR THERRIAULT moved to the next RPL 10-03-4023 USGS Stream Gaging Program, and asked who was present from the Department to discuss the RPL.

NICO BUS, Director of Administrative Services, Department of Natural Resources explained the RPL. The project was previously funded through the Department of Community and Regional Affairs.

CHAIR THERRIAULT stated that the Division of Legislative Finance noted there were no general funds now or in the future. There are no anticipated administrative costs that would be covered with existing positions within the Department. The LBA Committee staff did touch base with the finance and sub committee staff overseeing the Department's budget and no concern had been expressed.

VICE CHAIR FATE moved that the Committee approve RPL 10-03-4023. There was no opposition to the motion so the RPL was approved.

RPL 10-03-4024

CHAIR THERRIAULT moved next to RPL 10-03-4024 Kensington Mine Project.

MR. BUS presented the RPL to the committee explaining that the project was for \$500,000. The U.S. Forest Service is the recipient of the grant and will pass through to the Department.

CHAIR THERRIAULT asked if the company was in Washington D.C. negotiating with Congressional members on this and the department was just unaware of it during the budget process.

STAN FOO, Section Chief, Division of Mining, Land, & Water, Department of Natural Resources. He explained that Kensington did successfully work with Congressional delegation to secure the funds this last year.

CHAIR THERRIAULT asked if the department was advised that the negotiations were on-going and that is why there was nothing in the budget.

MR. FOO replied that as far as he knew the department was unaware of the negotiations.

REP. LANCASTER asked that the amount of the RPL be clarified.

MR. FOO replied that \$202,000 was the estimated amount for FY 03 and the remainder would be rolled over to the next fiscal year to finalize the permitting.

CHAIR THERRIAULT wanted to clarify that the Committee not augment any future years' budgets but deal only with the current fiscal year.

REPRESENTATIVE LANCASTER again asked for clarification on the amount of the request.

CHAIR THERRIAULT stated it was \$202,000 for FY 03 and the remainder will appear in the Governor's proposed budget for Fiscal Year 04.

VICE CHAIR FATE moved that the Committee approve RPL 10-03-4024. There being no opposition the RPL was approved.

RPL Number: 10-03-4025

CHAIR THERRIAULT moved next to RPL 10-03-4025 Department of Natural Resources, Multiple Federal Projects. He asked Mr. Bus to explain the request.

MR. BUS presented the RPL stating it was for multiple federal projects in the development division. For these different projects that the department needs receipt of federal funding. Three of the projects were considered during the legislative session in the supplemental, but by the time the supplemental budget was passed and the projects were started, the funds could not be expended in FY 02. Those projects are Geophysics for the Delta River Mining Area, Methane and Metal Access Corridor, and [inaudible].

These projects are time sensitive. The funds will be passed through the Bureau of Land Management.

MR. MILT WILTSE, Division of Geological & Geophysical Surveys, Department of Natural Resources said he didn't have anything to add but was available for questions.

SENATOR HOFFMAN asked about the first project on the page referring to the Aniak Mining District project and asked where the project originated from as he was unaware of it. Was this something that the Kuskokwim area sought after or is it something that has come from other interested parties?

MR. WILTSE stated that the request has come primarily from the Bureau of land management. In the case of the Aniak Mining project they've been working very closely with the Chalista Regional Native Corporation and have held several meetings with them. The representatives have been part of this [inaudible . . .] the Bureau of Land Management have been working with the Native Corporation and the different mining groups in the area.

SENATOR HOFFMAN asked if this has anything additional to do with the Donlin Creek activity that is under study.

MR. WILTSE stated that Donlin Creek was over flown in a previous BLM geophysical survey in that area. He went on to state that what this will do is extend the airborne geophysical coverage to the East and to the South. During the meetings with the Chalista Corporation, one of the things that BLM was trying to ascertain was where the previous pilot survey areas were in terms of having the best chances of identifying additional mineralization. He didn't believe it would be connected to down the creek. It would be new areas of mineralization.

SENATOR HOFFMAN stated the Mr. Wiltse addressed the issue that Chalista has been informed of this, but wanted to know if the board members had been informed as well.

MR. WILTSE said he could not speak to that. He said they had been only dealing with the mineral group and assumed that they answered to the board.

SENATOR HOFFMAN asked that Mr. Wiltse keep his office informed of the expenditure of the funds so he can make sure that the board members were informed.

CHAIR THERRIAULT stated that Mr. Wiltse has maintained a list of areas that as funding becomes available the division continues down that list of flying and do the airborne mapping.

MR. WILTSE answered yes that was correct actually there are two lists, one for the state and one for the federal lands.

CHAIR THERRIAULT asked that as far as the Aniak area being added they would have been on a list for a while waiting for funding to become available.

MR. WILTSE replied that they have an airport survey scheduled for that area but not for this particular area. This is something that is of interest because it has build-potential but

a lot of it is on federal land. In cases of this nature the division tends not to fly them with state money because they don't have as much control of access as if it were state lands.

VICE CHAIR FATE moved that Committee approve RPL 10-03-4025. There being no opposition the RPL was approved.

RPL Number: 12-03-0026

CHAIR THERRIAULT stated that if any members needed to drop of teleconference to please let him know. He moved to the next RPL 12-03-0026 Department of Public Safety Health Insurance Coverage Assistance to Domestic Violence Shelters.

SUSAN SCUTTER, Council of Domestic Violence and Sexual Assault, was present to present the RPL. The division was requesting authority to expend federal funds that were received in the amount of \$486,100 to cover health insurance increases for the non-profit programs statewide that the division supports. Ms. Scudder stated that she would be happy to answer any questions.

CHAIR THERRIAULT asked why it was not contained in the operating budget during the legislative budget process.

MS. SCUDDER replied that the department funds the shelters on a two-year funding cycle and it is the second year. So the increase was not anticipated. The Department was also optimistic that HB 315 would pass and provide some relief for the shelters.

CHAIR THERRIAULT noted that during the last four years the Council had lapsed 22 percent of its federal authority. He asked if the total amount could not be expended in FY 03 budget.

MS. SCUDDER stated no that the council receives a variety of federal funds. She went on to state that the federal funds that are obligated to the operating of the shelters are always fully expended. The other federal funds that are received go over the course of several federal fiscal years that sometimes projects are not completed or go into other fiscal years.

REP. FATE moved that the Committee approve RPL 12-03-0026. There being no opposition the RPL was approved.

RPL Number: 31-03-0001

CHAIR THERRIAULT moved on to the final RPL 31-03-0001 Legislative Affairs Agency, 2002 Russian Civic Hosting Program During the Primary & November Elections.

KARLA SCHOFIELD, Deputy Director, Legislative Affairs Agency, explained that the Legislature was requesting authority to receive and expend \$81,281 in federal funds from the Library of Congress to bring two groups of Russians to Alaska to observe the elections. Housing, air and ground transportation, and translation interpretation will be provided. Notification for receipt of the funds was not received until late in July 2002. Ms. Schofield explained that this was the reason why the funds were not included in the FY 03 budget process. She stated that Rhonda Thompson, Legislative Staff, was in the Anchorage LIO to answer any questions.

CHAIR THERRIAULT stated that because it was so close to the primary election, was the group in Alaska and the Agency used other funds and now it would be backfilling.

MS. SCHOFIELD said that the Presiding Officers had authorized reimbursement of transportation and meal allowances as the Russian Delegates had already arrived in Alaska.

REPRESENTATIVE DAVIES was unsure of the amount of the RPL as the back-up showed \$83,281.

MS. SCHOFIELD clarified the amount was \$83,281 as requested.

VICE CHAIR FATE moved that the Committee approve RPL 31-03-0001. There being no objection the RPL was approved.

OTHER COMMITTEE BUSINESS

CHAIR THERRIAULT moved to the invoices of the redistricting board. He stated that each member should have received the back up. The appropriation was granted to the Committee for \$2,789,000 section 55 of SB 2006. The last sentence of the appropriation reads "the balance of the appropriation after the Committee has paid the prevailing parties' fees was to be used to pay legal fees of the redistricting board as determined appropriate by the Legislative Budget & Audit Committee." The committee has already paid the prevailing parties' district court fees because the language in the appropriation stated the committee must do so once determined by the Court Order.

CHAIR THERRIAULT stated that he did authorize a partial payment while waiting to get the meeting scheduled in late July 2002. He stated that Phil Volland and Vicki Otte, Chair of the Redistricting Board were both present. He stated he had been contacted by Bert Sharp member of the Board and former Senator in support of payment. Also Charlie Cole had expressed support as well as Ms. Otte. He hoped committee members had had a chance to review the billings.

CHAIR THERRIAULT directed members to tab 4 in the binders. The section had a break down of outstanding bills less the interim payment left a total of \$217,856 outstanding.

MR. VOLLAND stated he was present to answer questions and assist the committee anyway he could.

CHAIR THERRIAULT stated that he had requested Pat Davidson to take a look at the billings and the track those to what was actually taking place in the trial. She indicated that those look accurate. He stated he had a question on the July 20, 2002 billing. On the second page MDB paralegal billing was shown as an hourly rate of \$25/hour for archiving services. Senator Therriault was concerned that the work should be more of a secretarial type duty and not a legal fee.

MR. VOLLAND stated there were two reasons. He was asked in July by State Archives to compile the fullest set of materials on redistricting. He went on to explain that he asked for authority from the Board to pay his staff to do so because it was about 60,000 pages altogether. He felt an obligation to do so in an organized fashion to benefit the state in the future.

REPRESENTATIVE HARRIS asked if this was just dealing with the Volland & Taylor aspect of the appropriation or was the committee dealing with any public interest litigants.

CHAIR THERRIAULT stated that the prevailing parties' bills had been paid. The final action of the Supreme Court was still undecided. He expressed some concern about the wording of the appropriation, but felt comfortable that there would be some balance left in the appropriation after all invoices were paid.

CHAIR THERRIAULT expressed concern about the archiving discussion between Mr. Volland and the Board.

MR. VOLLAND stated he would provide Senator Therriault a copy of the minutes as soon as he returned to his office.

SENATOR HOFFMAN asked about he invoice for February 20, 2002, on page 4 for Pacific Rim real time transcription from January 14 - 25 for \$28,000. He wanted to know what that purchased.

MR. VOLLAND explained that the redistricting trial was somewhat unique in the sense that the Constitution required an accelerated trial and appeal and the Alaska Supreme Court had issued an order setting a deadline for the trial court to rule and an immediate appeal after the trial court ruled. The only way to accomplish a transcript that would be ready for the Supreme Court was to provide a real time transcription during trial. A specialized court reporter took down testimony in real time so a daily transcript was provided. It is something that the trial judge suggested. The cost was split between both parties.

CHAIR THERRIAULT asked about the March 20th billing regarding a supplemental issue. He asked if that dealt with the need for a supplemental appropriation.

MR. VOLLAND stated that his guess was that it dealt with a supplemental appropriation. He recalled that he was contacted through Vicki Otte or directly by someone in the legislature to provide estimates for that need. He needed to prepare some documents accordingly.

SENATOR THERRIAULT asked about a billing for a telephone call with court and KTOO regarding public access on page 3 of the March billing.

MR. VOLLAND stated that was with regard to the Supreme Court. A live webcasting of the trial was provided and there were some questions as to whether that would be provided during the Supreme Court arguments as well.

CHAIR THERRIAULT asked about the June 20 billing for Mr. Taylor attending oral argument before the Supreme Court on the 24th for 8.5 hours. Also on the 24th prep for argument and attend argument before the Supreme Court on appeal. Both are on the same day.

MR. VOLLAND stated that appears to be an error. Normally that time would have deleted for him attending oral arguments.

CHAIR THERRIAULT stated that he had another question regarding this. He had a staff person following the trial and going through who was making the argument, on what day, what level of

participation. It seemed that someone at the district court level there would be someone second chairing, taking notes, etc. That would make sense to have multiple people there. But that sort of reasoning holds as well for the Supreme Court.

MR. VOLLAND agreed and wasn't sure why Mr. Taylor was there.

CHAIR THERRIAULT asked about July 20th billing a call to Heather Brakes, Senator Therriault's staff for Budget & Audit Committee wasn't sure what that conversation was.

MR. VOLLAND stated that he couldn't answer the question directly but could explain that a description was often shorthand for the amount of time it might take gathering materials together for the call.

REPRESENTATIVE LANCASTER stated that Representative Mulder was now present.

CHAIR THERRIAULT asked for authority from the Committee to pay the invoices after making some reductions and corrections.

SENATOR HOFFMAN wondered how long the Chair anticipated that might take.

CHAIR THERRIAULT thought about a week or so.

[There is no recording on Side B of Tape LBA 02-6.]

TAPE LBA 02-07, SIDE A

VICE CHAIR FATE moved that the Committee delegate authority to the Chairman to make a final review of the billings and make payment based on reasonable charges not to exceed \$217,856.

SENATOR HOFFMAN stated he did not object based on the understanding that it would not take more than approximately a week. There being no objection that motion passed.

AUDIT REPORTS

VICE CHAIR FATE moved that the committee go into Executive Session for the purposes of discussing confidential audit reports under AS 24.20.301.

VICE CHAIR FATE moved that committee return to Regular session following the Executive Session at 2:55 p.m. No objection was made.

VICE CHAIR FATE moved that the following preliminary audits be released for the agencies for response. Those audit reports were [Department of Revenue, Treasury Revenue Management System Department of Community & Economic Development, State Medical Board, Department of Community & Economic Development, Board of Nursing, Department of Community & Economic Development, Board of Certified Direct-Entry Midwives]. There were no objections to the motions to release the preliminary audits.

VICE CHAIR FATE moved that the following final audit be released to the public. That audit report was [State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2001]. There being no objection the audit was released to the public.

VICE CHAIR FATE moved that the Chairman be authorized to continue communications with the commissioner of DOTPF on Audit No. 25-30016-02. There being no objection the motion was approved.

OTHER COMMITTEE BUSINESS

VETERANS' HOME STUDY

CHAIR THERRIAULT moved to the next item on the Agenda, Other Committee Business. He stated that SB 2006 section 27 an appropriation was made to the Committee in the amount of \$250,000 for a study of the feasibility of a stand alone Veterans' Home. The appropriation further stated that it was the intent of the Legislature that the Veterans' Coalition be consulted in the development of the request of proposal process. He stated that he and Commissioner Jim Duncan had a brief meeting during the special session. Commissioner Duncan offered to provide copies of previous studies dated January 1993 and June 30, 1999. Those were received and looked at to see what questions had already been examined.

CHAIR THERRIAULT stated that before an RFP could be developed and put out for proposals committee action was needed to give him authority to expend funds to do that. It was his intent to do the same as was done with the education cost study. A group would develop the RFP and also that group would continue to work with the successful bidder as the work was done. The idea of a Veterans' Home is appealing but the cost of construction and on-

going maintenance and operation needed to be weighed carefully. He asked for comments and concerns of committee members.

REPRESENTATIVE DAVIES was concerned that looking at a stand-alone home only might be too narrow of a study.

CHAIR THERRIAULT explained that the wording of the appropriation allowed the Committee to look at other possible alternatives. It was his preference to look at cost of maintenance, cost of construction, and if those weren't possible that the Legislature be able to look at what other possibilities might be.

REPRESENTATIVE DAVIES stated he would like to adopt the more liberal interpretation of feasibility be adopted in the RFP.

SENATOR THERRIAULT stated that Commissioner Duncan was interested in the Committee contracting with the Department of Administration to complete the work on its own. He was concerned that the committee not elect to do that.

SENATOR WILKEN stated that at the Finance Committee meetings five options were the topic of discussion. He went on run them down and hoped that study would encompass all five. The first was to do nothing. The second was a stand alone pioneer home somewhere in the state. The Third was to take an existing Pioneers Home somewhere in the state and turn it into a veterans' home. The Fourth was to have all, or certain Pioneers' homes segregated with pioneers and veterans in the home but segregated physically to meet federal standards. And fifth was to combine the pioneers and veterans commingled as many of us would like to see happen depending on federal regulations. He stated that he hoped that the money for this study would go toward looking at each of these options.

REP. HARRIS seconded that motion.

CHAIR THERRIAULT agreed. He went on to add that there are some in the state that feel that if a stand alone home is not built that the state is snubbing the veterans as a group. However, looking at the trend in the state and across the country more and more are shying away from going into a home. Seniors in general are looking for services to allow them to live a quality life in their own home.

VICE CHAIR FATE made a motion that the Committee authorize the Chairman to award and enter into a contract for the Veteran's Home cost study in an amount not to exceed \$250,000.

SENATOR HOFFMAN asked if members would have a chance to review and provide comments on the contract.

HEATHER BRAKES, Legislative Budget & Audit Committee Staff, explained that an oversight committee would develop the RFP, review it, and award a contract.

SENATOR HOFFMAN expressed a concern to review the contract.

SENATOR THERRIAULT asked that a roll call vote be taken.

Yeas: Senators Hoffman, Wilken, Chair Therriault, Representatives Harris, Lancaster, Mulder, Davies, and Fate.

Nays: none.

The motion passed 8-0.

CHAIR THERRIAULT asked Heather Brakes, Committee Staff to give the Committee an update on the status of the school district cost study.

HEATHER BRAKES, Legislative Budget & Audit Committee Staff, explained that during the special session she had told the committee that the contractor had received a 95% response rate on the surveys. The response rate was now at 100%. The contractors are now in the process of cleansing the data and putting the data together. There would be a draft report to the oversight committee in November and a final in December. There was on-going communication with ALASBO working group.

SENATOR HOFFMAN asked whether or not there would be travel to the school districts throughout the state.

MS. BRAKES replied that she did not think that the contractor was planning to do so.

CHAIR THERRIAULT explained that the ALASBO working group has led to the 100% response rate from the school districts.

SENATOR WILKEN asked about the validation of the data coming in from the different school districts.

MS. BRAKES' understanding was that the contractors were working closely with Eddy Jeans and the internal auditor at the Department of Education and the Department of Labor.

CHAIR THERRIAULT stated that one of the main objectives of the study was to have an end product for the foundation formula. So that when the formula was updated that data sources that are reported to the state could be relied upon. Then each of the school districts would not have to be contacted again. The data the districts are already reporting to different agencies of the state could be used.

SENATOR WILKEN asked if there was a sense of whether they were doing anything different in Alaska to validate information than what they've done with their other projects across the United States.

CHAIR THERRIAULT said he did not know that information could be obtained from the contractors.

SENATOR WILKEN was concerned about the validity and reliability of the data and pointed out it will be questioned by those who are not happy about the study.

AUDIT REQUESTS

CHAIR THERRIAULT moved next to an audit request made by Senator Leman.

MS. DAVIDSON explained that an audit request by Senator Lyda Green was previously approved on the Medicaid Program internal and external controls. Senator Leman's request asked the same questions and she recommended that this request be rolled into the existing scope of Senator Green's request.

FEDERAL REVIEW OF DIVISION OF FAMILY & YOUTH SERVICES

MS. DAVIDSON passed out a summary of the Department of Health & Social Services, Division of Family & Youth Services, federal review results. It is based on observation of the audit staff. The final federal report will be out mid September. Similar to the results of the self assessment DFYS was again found to be below standards. In the area of safety they were found not to be responding timely to lower priority reports of harm. They were not making face-to-face contact with children in a timely manner, and because of a lack of service options DFYS was compelled to remove children from their homes.

She went on to explain that in the area of permanency that DFYS was moving too many children too often between foster care. However, they did compliment DFYS on the balloon project which

brought together state inter-departmental and private sector workers to move people into adoption.

The well-being section is the focus of Representative Fate's audit request. This is an area that also needed improvements. Areas of concern were how well DFYS addresses children's physical, mental health and specialized education needs. Standards used by the federal review team was 90% in order to show compliance and they found that in the cases reviewed only 77% showed that a physical assessment had been done. Sixty-nine percent showed that a mental health assessment had been done. And 75% showed that an education evaluation had taken place.

In addition to those the review also looked at seven systemic factors. Two were found to be in substantial conformance and five were found to not be in substantial conformance.

The first one in substantial conformance was the statewide information system. She questioned accuracy of that assessment. The other area was the agency's responsiveness to the community. The reviewers identified key strengths including state and village Tribal coordination and the use of other multidisciplinary groups.

The five areas that were not in substantial conformance were with statewide case review. A lack of clear goal oriented case plans, that parents and children are not actively involved in case planning and that there were numerous continuous delays. Secondly, DFYS lacks any formal quality assurance system to evaluate the agencies performance on an ongoing basis. The training of social workers and foster parents needs substantial improvements. The array of services available are insufficient to meet the needs of families involved with DFYS and the review team specifically identified areas of alcohol and drug abuse treatment. Foster and adoptive parent relationships - the reviewers took exception to the number of times that DFYS allowed the foster parents to be exempted from the full array of state licensing standards.

CHAIR THERRIAULT asked for an example.

MS. DAVIDSON, responded that an exemption might be from a criminal background check. Sometimes that wouldn't be required before children are placed with the foster parents. She went on to explain that the state will have 90 days to develop a plan improvement which will address how the division will bring its

standards within compliance. This will be an on-going review happening again in three to four years.

SENATOR HOFFMAN noted that an area not addressed is the uniformity of services provided throughout the state.

MS. DAVIDSON stated that there were 50 cases that were looked at in Anchorage, Mat-Su, and Nome. She agreed that conclusions could not be drawn with regard to how each of the office were serving the public. Identification of deficiencies were probably statewide.

[There is no recording on Side B of Tape LBA 02-7.]

ADJOURNMENT

There being no further business before the committee, the Joint Committee on Legislative Budget and Audit meeting was adjourned by CHAIR THERRIAULT.