

HOUSE FINANCE COMMITTEE
February 12, 2003
2:36 PM

TAPE HFC 03 - 18, Side A
TAPE HFC 03 - 18, Side B

CALL TO ORDER

Co-Chair Harris called the House Finance Committee meeting to order at 2:36 PM.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Reggie Joule
Representative Carl Moses
Representative Gary Stevens
Representative Bill Stoltze
Representative Jim Whitaker

MEMBERS ABSENT

None

ALSO PRESENT

Tom Irwin, Commissioner, Department of Natural Resources;
Kevin Jardell, Assistant Commissioner, Department of Administration;
Dan Spencer, Director, Division of Administrative Services, Department of Administration;

GENERAL SUBJECT(S):

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 23rd Legislative Session, contact 465-2156. After the 23rd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
		DEPARTMENT OF NATURAL RESOURCES
000	TOM IRWIN, COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES	Introduced staff.
051	Commissioner Irwin	Expressed support for the Governor's

		policies. Emphasized the need for a vital healthy resource economy to generate new wealth.
249	Commissioner Irwin	The mission is to develop, conserve, and maximize the use of Alaska's natural resources consistent with the public interest.
330	Commissioner Irwin	Noted that there are seven divisions in the Department of Natural Resources.
422	Commissioner Irwin	Discussed the issue of investment vs. spending. Net present value will be considered in order to set priorities.
513	Commissioner Irwin	Stressed the obligation to do the correct thing for the State. If we are not spending money, we must be sure that we are investing in the State.
613	Commissioner Irwin	Maintained that the Department would be run with integrity and honesty. He stressed that they will operated professionally with teamwork.
819	Commissioner Irwin	Complimented the legislature for it's work on missions and measures and emphasized that priorities with sound business judgment allows a mark to be set.
935	Commissioner Irwin	Acknowledged the fiscal climate but emphasized the need to "do it right".
1028	Co-Chair Harris	Observed that part of the political debate revolved around park closures. He questioned if the intent is to manage the budget in order to keep all parks open.
1116	Commissioner Irwin	Responded that the parks have been prioritized. They are also looking at the use of volunteers. He acknowledged that 80 percent of the visitors are Alaskans. He explained that savings do not occur from closing random unconnected parks because regional rangers cannot be deleted. The Department is looking into the issue.
1325	Co-Chair Harris	Stated his support for keeping all parks open regardless of what means are used.
1400	Co-Chair Harris	Referred to the Division of Agriculture and expressed concern that the Division would become irrelevant if combined with another division.
1507	Commissioner Irwin	Clarified that he had reviewed the audit and has received opposing opinions. He noted that he would be in Anchorage to meet on the issue February 14.
1616	Representative Stevens	Commended the Department's missions and measures. He referred to the transfer of

		other divisions to the Department.
1720	Commissioner Irwin	He stressed that the best of the best from fish and game, habitat, law and other areas in DNR have meet on the issue of making permitting more efficient. He qualified his remarks with the fact that he cares about the environment. The goal is for consistency and efficiency.
1910	Commissioner Irwin	Observed that research is coming in with the Division of Habitat. Referred to the Division of Governmental Coordination and emphasized that it is the start of a lot intensive hard work with a lot of good people.
2030	Commissioner Irwin	The intent is to make the system work for the people of Alaska.
2048	Representative Stoltze	Questioned asked if the executive branch is committed to RS 2477.
2122	Commissioner Irwin	Stressed that the State has the right to lands and will work to ensure it.
2203	Representative Whitaker	Expressed support for the commissioner.
2336	Representative Joule	Questioned if the voice of the rural community would be diminished by the changes incorporated in the Governor's Executive Order.
2442	Commissioner Irwin	Assured him that the voices would be heard. The Governor has had representatives in the northern region. The EO transferring the Coastal Zone Management Program was critical for efficiency. He maintained that the transfer brings efficiencies.
2546	Representative Joule	Referred to the Economic summit in the North Slope Borough and Northwest Arctic Borough. He emphasized that economic development would play a large role.
2647	Commissioner Irwin	Related that it is important that he be part of the communication.
2733	Commissioner Irwin	Spoke in support of pursuing mining projects.
2807	Co-Chair Harris	Emphasized the importance of projects that put rural Alaskans to work. He referred to the Division of Forestry, any idea what the Division would do to enhance forest products.
2843	Commissioner Irwin	Acknowledged that jobs have been lost in the forest industry. He stated that he would focus on longer contracts (10 years) to allow return on capital investments. Spoke to the Tongass National Forest.

		DEPARTMENT OF ADMINISTRATION
3126	KEVIN JARDELL, ASSISTANT COMMISSIONER, DEPARTMENT OF ADMINISTRATION	Introduced Department staff. He observed that the Department of Administration is a collection point for agencies that have no other place.
3306	Mr. Jardell	Noted that the Department provides services to other state agencies and the public and serves as the administrative arm for a number of different commissions and offices.
3407	Mr. Jardell	Noted that there are 1,400 full-time employees and the FY 03 budget was over \$300 million, with 20 separate funding sources, have of which is general fund. He discussed the eclectic role of the Department.
3439	DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION	Reviewed functions of the Department. He observed that the majority of non-permanent staff is in the pioneer homes. He added that the Division of Motor Vehicles has offices all over the State.
3705	Mr. Spencer	Observed that there are a number of entities under the Department, which provide direct public services. There are also services that apply to state agencies, but also provided public services such as the Information Technology group and the Division of Retirement and Benefits.
3833	Mr. Spencer	Observed that the Department also runs the state of Alaska's finances and labor relations and provides centralized recruitment.
3904	Mr. Spencer	Discussed the Division of Risk Management.
3941	Co-Chair Williams	Asked what has occurred on the wide area network and the increase in charges to state agencies.
4039	Mr. Spencer	Explained that the issue involves a partnership with ACS. Alaska is the first state to take all of its telecommunication needs to a private vendor. There is a one-year implementation period. It is a complicated operation, which involves bringing multiple vendor billings under one roof.
4154	Co-Chair Harris	Referred to the information technology system. He questioned if a lease would be offered for a new proposal.
4348	Mr. Spencer	Explained that \$600 thousand was

		appropriated in the previous year for an evaluation and needs assessment for replacement options for payroll system. The Department expects an evaluation of the various options and policy choices by July 1, 2003.
4439	Representative Stoltze	Referred to rising health care costs.
4520	Mr. Spencer	Noted that health care costs are part of the contract negotiations.
4621	Representative Stoltze	Referred to the privatization of the Division of Motor Vehicles (DMV) and questioned if more would be done.
4648	Mr. Jardell	Noted that the Commissioner has directed staff to identify efficiencies.
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4652	Mr. Jardell	Continued discussions on efficiency in the DMV.
4633	Representative Stoltze	Noted that the State owns a number of buildings and questioned if there were sufficient space to relocate the legislature
4620	Mr. Jardell	Could not answer the question.
4607	Representative Joule	Observed that there is a DMV office in Kotzebue and questioned if there are contract offices in other rural areas.
4537	Mr. Spencer	Responded that there are other organizations that contract with the State, but could not answer with specifics.
4527	Representative Joule	Observed that cuts are being proposed and questioned if they have discussed reductions to public broadcasting.
4404	Mr. Jardell	Responded that the instructions are to evaluate programs. Everything is being looked at. The importance of broadcasting to rural Alaska will be considered. Nothing is completely off the table.
4318	Representative Joule	Pointed out that cuts have already occurred. Stressed that Alaskans pay a large portion of their way in regards to public broadcasting.
4231	Representative Stevens	Referred to the health of the retirement system.
4121	Mr. Spencer	Acknowledged that employer contributions have increased. There is a normal adjustment based on the actuarial. The goal is to have the programs funded 100 percent.
4029	Representative Stevens	Noted that the situation is partially out of the state of Alaska's control due to

		the health of the stock market.
	<u>ADJOURNMENT</u>	The meeting was adjourned at 3:35 PM