

**ALASKA STATE LEGISLATURE**  
**JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT**  
Anchorage, Alaska  
December 12, 2003  
2:10 p.m.

**MEMBERS PRESENT**

Representative Ralph Samuels, Chair  
Representative Vic Kohring (via teleconference)  
Representative Beth Kerttula (via teleconference)  
Representative Reggie Joule, alternate

Senator Gene Therriault, Vice Chair (via teleconference)  
Senator Ben Stevens  
Senator Lyman Hoffman

**MEMBERS ABSENT**

Representative Mike Hawker  
Representative Jim Whitaker  
Representative Bill Williams, alternate

Senator Con Bunde  
Senator Gary Wilken  
Senator Lyda Green, alternate

**OTHER LEGISLATORS PRESENT**

Senator Bert Stedman (Appointee - Designee) (via teleconference)

**COMMITTEE CALENDAR**

APPROVAL OF MINUTES  
OTHER COMMITTEE BUSINESS  
REVISED PROGRAM - LEGISLATIVE (RPLs)  
EXECUTIVE SESSION  
AUDIT REQUESTS

**PREVIOUS ACTION**

No previous action to record

**WITNESS REGISTER**

PAT DAVIDSON, Legislative Auditor  
Division of Legislative Audit

Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Reviewed the division's request to solicit an award contract for conducting some of the 2005 sunset audits.

EDDY JEANS, Manager  
School Finance and Facilities Section  
Education Support Services  
Department of Education and Early Development  
Juneau, Alaska

POSITION STATEMENT: Reviewed the minimum expenditure for instruction requirement.

CHERYL FRASCA, Director  
Office of Management & Budget (OMB)  
Office of the Governor  
Juneau, Alaska

POSITION STATEMENT: Presented all the RPLs to the Joint Committee on Legislative Budget and Audit.

JANET CLARKE, Director  
Division of Administrative Services  
Department of Health and Social Services  
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding RPL 06-4-0242.

ROBERTA CARNEY, Staff Officer  
Division of Emergency Services  
Department of Military & Veterans' Affairs  
Fort Richardson, Alaska

POSITION STATEMENT: Answered questions regarding RPL 09-4-0078.

JENNIFER WITT, Regional Program Development Manager  
Central Region Program Development  
Department of Transportation & Public Facilities  
Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding RPL 25-4-6727.

TINA CUNNING  
State-Federal Issues Program Manager  
Office of the Commissioner  
Alaska Department of Fish & Game (ADF&G)  
Anchorage, Alaska

POSITION STATEMENT: Answered questions pertaining to navigable waters and RS 2477s.

#### **ACTION NARRATIVE**

**TAPE 03-9, SIDE A**

Number 0001

**CHAIR RALPH SAMUELS** called the Joint Committee on Legislative Budget and Audit meeting to order at 2:10 p.m. Representatives Samuels, Kohring (via teleconference), Kerttula (via teleconference), and Joule and Senators Therriault (via teleconference), Ben Stevens, and Hoffman were present at the call to order.

**APPROVAL OF MINUTES**

SENATOR BEN STEVENS made a motion to approve the minutes of October 29, 2003. There being no objection, the minutes from the meeting of October 29, 2003, were approved.

**OTHER COMMITTEE BUSINESS**

CHAIR SAMUELS directed the committee to the contracts for the sunset audits.

Number 0018

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, requested that the committee approve the Division of Legislative Audit to solicit and award contracts for conducting some of the 2005 sunset audits. There will be 12 boards and commissions that will be up for sunset during that period. The legislature appropriated additional money for the division for contracts to cover those sunsets as well as a Department of Transportation & Public Facilities (DOT&PF) benchmarking study. The division is contemplating issuing two contracts, one for the four boards falling under the behavioral sciences and another contract for the remaining six occupational boards. She noted that the remaining two boards, the Suicide Prevention Council and Earthquake Preparedness, haven't been under sunset before and thus will be performed in-house. Ms. Davidson estimated that the contracts for the 10 boards may be in excess of \$25,000, which is why committee approval is required.

CHAIR SAMUELS turned to when extensions are done and asked if any consideration has been given to try not to have all of these due at one time.

MS. DAVIDSON answered that when the overall review of the sunset process occurs, she believes the division will address evening out the dates of the sunsets. She expected that the sunset audit might suggest how to improve the entire sunset process, including the distribution of the [sunset] dates for some of the boards and commissions.

REPRESENTATIVE JOULE asked if, through the regular process, money was appropriated for these kinds of contracts.

MS. DAVIDSON explained that the division received a separate appropriation of \$150,000, outside the division's normal budget. The aforementioned appropriation was driven by the large amount of audits coming due in 2005. Rather than holding up the ongoing audits, the division has, in the past, contracted for some of the sunset reviews and it has been successful. She clarified that the division does part of the audit and the contractor does part of the audit.

Number 0055

SENATOR BEN STEVENS made a motion that the committee authorize the legislative auditor to solicit and award contracts for 2005 sunset audits. There being no objection, it was so ordered.

CHAIR SAMUELS directed the committee's attention to the minimum expenditure for instruction. He explained that the aforementioned is on the agenda because statutorily the Department of Education and Early Development (EED) is supposed to report to the Joint Committee on Legislative Budget and Audit regarding the 70 percent expenditure. He mentioned a letter from the Department of Education and Early Development dated December 9, 2003, [which is included in the committee packet]. He clarified that the point of this is to determine whether the practice of [the minimum expenditure for instruction] is appropriate and whether it should be continued.

Number 0070

EDDY JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development, informed the committee that members should have a copy of the State Board of Education & Early Development packet that includes each of the waivers requested and on which action was taken. Mr. Jeans explained that the minimum expenditure for instruction requirement was adopted in 1998 and implemented in 1999. The law was adopted to direct more revenues to the

classroom as well as to provide uniformity in school district financial reporting. Over the past six years the department has worked with school districts and made significant improvements in both areas. The law requires the department to perform two reviews: one on the budgets due in July and one on the districts' audited financial statements for those districts that failed to obtain a waiver and failed to meet the requirement. If a district's budget is rejected for failure to meet the minimum expenditure requirement, the school districts have 20 days after the date of rejection to request a waiver from the State Board of Education. The law requires EED to withhold state funds after the second full month after the budget has been rejected unless the State Board of Education & Early Development grants the district's waiver request or the district may submit a revised budget that complies with the requirement.

MR. JEANS pointed out that the statute has a very compressed timeline, as follows: school district budgets are due July 1; EED reviews the budgets and issues a determination on September 1; and districts have until September 21 to request a waiver. The department reviews waiver requests and prepares a presentation packet for the State Board of Education & Early Development around October 15 and the State Board of Education & Early Development takes action prior to the end of October. If a district's waiver request isn't granted, EED must withhold state aid beginning November 1. Mr. Jeans pointed out that this law requires school districts, as part of the application, to submit the waiver request to this committee. However, this committee hasn't forwarded recommendations to the department in terms of the waiver request, which may be attributed partly to the tight timeline. He noted that EED works closely with the committee to make sure that the committee has copies of the waiver requests.

MR. JEANS explained that the minimum expenditure requirement was phased in over a number of years, starting at 60 percent in 1999. The minimum expenditure requirement increased by 5 percent in 2000 and 2001. There were also some modifications made to the instructional percentage requirement. Therefore, EED views fiscal year 2002 as the base year for the 70 percent and thus the department could start to perform some trend analysis. At this point, the department has discovered two distinct patterns that it believes will require at least 25 school districts to request a waiver on an annual basis. The first pattern is that any district in the state that's spending 20 percent or more of its budget on operation and maintenance won't meet the 70 percent instructional requirement. The second

pattern identified is that any district with a budget of \$3 million or less won't meet the 70 percent instructional requirement because those districts simply don't have enough revenue or students to spread the instructional cost. He noted that the department also reviewed the number of schools that met adequate yearly progress (AYP) this year. Of the 32 school districts that required a waiver this year, the schools within 11 of those districts met AYP. The reason for the aforementioned is that at the school level there aren't enough students to measure in some of the categories and thus the [school] is waived on that particular category. However, when rolled to the district level, there are enough students to measure. Therefore, EED and the State Board of Education & Early Development don't see a direct correlation to increased student achievement in terms of measuring student achievement through the assessment system and how money is being spent in the district.

MR. JEANS turned to the letter from Roger Sampson, Commissioner, EED, which is included in the committee packet. The letter basically says that EED and the State Board of Education & Early Development believe that the limited resources could be better used to focus on improving student achievement rather than the time being spent reviewing district budgets and audits for this particular requirement as well as the time spent reviewing these waivers. Mr. Jeans noted that the department does provide the committee an annual report on April 15th.

Number 0148

CHAIR SAMUELS asked if setting the bar [at 70 percent] has helped. He commented that whether the waiver is done or not, at least the districts have to think about it. Perhaps, the bar is in the wrong spot. He indicated that he would hate not to have any bar. He asked if going from the 60-70 percent has resulted in a higher failure rate while the percentage going into the classroom has stayed the same.

MR. JEANS pointed out that through this process the legislature did appropriate funds for two additional staff, which are Certified Public Accountants (CPAs), in the School Finance and Facilities Section. Therefore, uniformity with regard to how school districts report their finances [has occurred]. He noted that the committee packet includes a five-page handout that reviews the progress of this process. In 1999 there were 13 school districts that were spending less than 60 percent of their budget on instruction. However, in the 2004 budget cycle,

there is only one such school district. Therefore, tremendous progress has been made. However, Mr. Jeans emphasized that the law doesn't allow [the department] to review the degree of effort that a district makes. The law simply asks whether the school district made the 70 percent and if not, was it beyond the control of the district.

SENATOR HOFFMAN inquired as to what Mr. Jeans expected this committee to do. He also inquired as to whether the State Board of Education and Early Development is thinking of introducing legislation to change the direction of the 70/30 program. He further asked if the State Board of Education and Early Development is recommending any changes in the two areas in which [some] districts will never meet the 70/30 requirement or is it looking to this committee to offer suggestions.

MR. JEANS related that the State Board of Education and Early Development has had dialogue regarding possible repeal of this law with the governor's office. He also related his belief that the State Board of Education and Early Development is trying to make this committee aware of the efforts that go into reviewing these budgets on an annual basis. He explained that part of the reason he is here today is to assure the committee that the State Board of Education and Early Development and EED aren't simply rubberstamping these waiver requests. Much time is spent reviewing these district budgets, which are developed over many months at the local level. If the committee feels it's necessary to repeal the minimum expenditure requirement, the committee would receive support from EED and the State Board of Education and Early Development. The department has limited resources and believes that those it does have would be better directed toward student achievement.

Number 0222

MR. JEANS, in response to Senator Ben Stevens, confirmed that there were 32 waiver requests submitted for 2004 and the State Board of Education and Early Development approved those waiver requests.

SENATOR BEN STEVENS surmised then that since the 70 percent threshold has been in place since 2001, the waiver requests have increased from 24 to 32.

MR. JEANS said that additional explanation is required and directed attention to the five-page handout included in tab 7 of the report. On page four of five there are descriptions of the

chart of accounts and the categories. In fiscal year 1999, the categories that counted as instruction were [identified as] regular instruction number 100, special education, special education support services, support services student, and support services instruction. Going into the 2001 budget cycle, the State Board of Education and Early Development amended the regulation to include school administration. He explained that school administration was included because principals are instructional leaders and thus should count toward the instructional requirement. He recalled that there was dialogue with some members of the legislature regarding the aforementioned because those members thought that the noninstructional staff should be split out. Therefore, the category was split into two categories in fiscal year 2002: school administration and school administration support. Mr. Jeans returned to Senator Ben Stevens' question and explained that the districts that met the [specified percentage] decreased because there was a change in what was counted in the calculation, but that increased due to the amendment [of what was included in the calculation]. Therefore, he suggested that one must look at this starting in fiscal year 2002. Page two of the five of the handout illustrates the progress made by the district and the chart at the bottom summarizes the progress within ranges.

SENATOR BEN STEVENS related his understanding that the qualification for 70 percent instruction increased after the decision to include administrative costs in instruction.

MR. JEANS specified that the [waiver requests] dropped to 24 in 2001 when all school administration was included as an instructional expenditure. Beginning in 2002 principals were split out from support staff. Therefore, the [districts] only were able to count half of what was counted the previous year and thus four additional waivers were required. In fiscal year 2003, it dropped by two districts and for the fiscal year 2004 it increased to 32. He attributed the increase in fiscal year 2004 partially to increases in insurance premiums, fuel oil, and other fixed costs that the districts have had to absorb.

#### **REVISED PROGRAM - LEGISLATIVE (RPLs)**

CHAIR SAMUELS announced that the next item on the agenda would be the consideration of the RPLs. He explained that the committee would deal with the RPLs as a consent agenda.

Number 0295

SENATOR BEN STEVENS moved that the committee approve the following RPLs: 02-4-0039; 05-4-0746; 06-4-0242; 06-4-0245; 09-4-0077; 09-4-0078; 25-4-3328; 25-4-6727; and 41-4-9018.

CHAIR SAMUELS objected for purposes of discussion.

CHERYL FRASCA, Director, Office of Management & Budget (OMB), Office of the Governor, began with RPL 02-4-0039, which is for \$33,000 in statutory designated program receipts that would go to the Office of Public Advocacy for the State Wellness Court. The aforementioned are grant dollars that are being provided by an external organization, Partners for Progress, for the State Wellness Court program.

MS. FRASCA continued with RPL 05-4-0746, which would allocate \$6 million to Mt. Edgecumbe High School renovation. The source of these funds is from the second \$25 million received from the federal Fiscal Relief Act. She reminded the committee that at its last meeting, it approved the funding for the design of both a dorm renovation as well as a classroom expansion. At this time, the request is for construction funding in an effort to expedite the construction of the project. She said [the governor] believes this is extremely important as there are over 300 students on the wait list and there is the belief that once the exit exam results are released the wait list for Mt. Edgecumbe will increase. This project will allow an additional 80 students to attend Mt. Edgecumbe.

Number 0364

SENATOR THERRIAULT mentioned that the [Department of Education and Early Development] was unable to provide a timely response to questions regarding updated estimates of the project costs, appropriations to date, and essentially can't specify at what point it is in the plan. He asked if anyone present today could provide those answers.

MS. FRASCA noted that this project is on the fast track, although all the funds haven't been counted. The goal is to allow the department to issue the request for proposals (RFP), which it can't do until all the dollars are in hand. The customary supplemental process by which this type of appropriation would be made during the session would delay the project for another several months. Therefore, this is an effort to expedite it. If all of the funds aren't used, the

funds are fungible and could be made available for other projects.

SENATOR THERRIAULT remarked that he doesn't believe it's a question of whether all the funds will be used or whether there are surplus funds [rather the concern is whether] there is ultimately a shortage of funds. Senator Therriault said that he is supportive of moving forward on the project.

MR. JEANS informed the committee that EED commissioned a master plan in June 2000 and for a number of years the department has submitted a capital request. However, the appropriations to date have been very limited. As Ms. Frasca explained, this request would renovate a building that isn't currently in use. The aforementioned would be used for dormitory space. This request would also allow for classroom expansion in the amount of five to six classrooms. Mr. Jeans said that [the department] believes the budget is sufficient to do both of the aforementioned and have both open and operating in fall of 2005.

SENATOR THERRIAULT expressed concern with regard to potential cost overruns and said that he is looking for assurance that this funding will take the project to completion.

MR. JEANS informed the committee that the master plan is \$20.8 million, which includes demolition of buildings, American Disabilities Act compliance, utility upgrades, et cetera. Therefore, the department will return and request additional funds to fulfill the needs of the plan. This request is one small component of the plan that would allow for the expansion of the residential and instructional program. In further response to Senator Therriault, Mr. Jeans said the department believes this request is the complete funding necessary for that component.

Number 0414

REPRESENTATIVE JOULE pointed out that [these five to six classrooms] will be an increase in the operating budget.

MS. FRASCA agreed, but specified that the additional costs will be for the boarding and lodging costs. In theory, the additional students are being paid for in other school districts and thus are factored into the foundation formula. Whatever the additional cost is, [the administration] will accommodate it in whatever request that's submitted to the legislature because the administration believes it's an important alternative.

REPRESENTATIVE JOULE asked if this would be done in the next budget cycle or the one following the upcoming budget cycle.

MS. FRASCA echoed Mr. Jeans' testimony that while the facilities may not be available until the fall of 2005, the governor has tasked the department with determining how to handle more students in the fall of 2004. She noted that the budget to be revealed on Monday doesn't have the additional dollars for this project and thus if it's necessary, there will be a budget amendment to address it. She pointed out that alternative sites to house students are being reviewed. For example, the notion of housing some of the students in the Sitka Pioneers' Home is being reviewed.

Number 0446

DESIGNEE STEDMAN spoke in favor of the Mt. Edgecumbe project, although he noted that the questions regarding overall funding are valid. Historically, Mt. Edgecumbe has provided good education to those attending and has produced numerous statewide leaders. With the demands for [entrance] into Mt. Edgecumbe increasing, he said he feels it would be in the best interest to expand Mt. Edgecumbe. The aforementioned would leave the state with more leaders from the remote areas.

REPRESENTATIVE JOULE advised the committee that he has a daughter who is attending Mt. Edgecumbe.

Number 0470

MS. FRASCA continued with RPL 06-4-0242, which is a request to receive \$700,000 in federal receipts for the Nutrition, Transportation and Support Services Grants for Seniors. She explained that when the program was transferred from the Department of Administration it was an oversight to not move the federal receipt authority to Department of Health and Social Services. Therefore, it's not a new grant.

REPRESENTATIVE JOULE turned to the fiscal analysis comments and inquired as to how the 25 percent match would work. He asked if all of those splitting up would have to come up with matching money in order to receive [the federal funds].

MS. FRASCA related her understanding that [these matching funds] are already in the budget.

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services, explained that currently there is a 25 percent match requirement of which 10 percent comes from the local nonprofit and 15 percent from the state. In fiscal year (FY) 2003, the department requested this increase and an RPL was approved. However, in the reorganization that additional increase was left out of the FY 04 budget and thus the matching dollars for the 15 percent of the state's share are available, consistent with last year's budget. Furthermore, the grantees were able to come up with the 10 percent local match last year. She noted that there isn't much of an increase in the match because the grants [increased from] \$625,000 last year to \$700,000 this year.

MS. CLARKE, in response to Senator Hoffman, confirmed that the department expects this grant program to increase to \$810,000 in FY 05, but it's uncertain with regard to FY 06. The match requirements would increase as well, she noted.

Number 0534

MS. FRASCA moved on to RPL 06-4-0245, which is a request for the Department of Health and Social Services to receive \$10 million from the Denali Commission for health-related facility construction throughout the state. She reminded the committee that in August it approved a \$3.6 million RPL for a similar purpose. The Denali Commission has asked the state to do this on its behalf because of the state's experience in administering grants. The department is willing to do the aforementioned. However, unlike the \$3.6 million in which the department didn't recover any administrative costs, the [Denali Commission] will pay for some of the support staff to administer the program.

MS. FRASCA explained that RPL 09-4-0077 is a request to receive \$1.6 million in federal receipts for the Juneau Organizational Maintenance Shop construction. Currently, the Juneau Joint Readiness Center and a student recreation center is being constructed through the Department of Military & Veterans' Affairs and the University of Alaska - Southeast. This RPL would provide additional federal dollars to the \$1.5 million that is already available.

MS. FRASCA continued with RPL 09-4-0078, which is to approve receipt of \$19.6 million from the federal government for homeland security counterterrorism grants. She explained that 80 percent of these grant programs is passed through to local political subdivisions as sub grants. This RPL would be coupled

with \$18.2 million that was previously received for similar purposes and thus it brings the state's total to almost \$38 million.

Number 0581

REPRESENTATIVE KERTTULA acknowledged that the goals and objectives won't be complete until December 31, 2003, but asked if Ms. Frasca knew how the allocations will be made to municipalities.

ROBERTA CARNEY, Staff Officer, Division of Emergency Services, Department of Military & Veterans' Affairs, specified that the strategy guidance is what is due by the end of December. The strategy guidance provides all the assessments from all the communities that have participated. None of the funds can be released unless the communities have participated in the assessment strategy. Today, 31 communities will be eligible for these grants; out of those 31 communities, there are 16 boroughs and 15 cities. The assessment process [targeted] communities with a population base of 1,500 or greater and a few communities with a specialized weapons of mass destruction threat. The Aleutians East Borough, the City of Nenana, and Lake and Peninsula Borough have yet to finish their portion of their local strategy assessment; the department is working with those communities to complete that. Once all the assessments are complete and the federal government agrees to the strategy, each of the local jurisdictions will receive an application. Ms. Carney specified that this is a competitive grant process. Each jurisdiction will be provided the opportunity to specify what equipment, training, and exercising is necessary. A multi-jurisdictional review committee is used to make the final awards. In further response to Representative Kerttula, the multi-jurisdictional review committee will review the strategy to ensure that the threat is significant.

**TAPE 03-9, SIDE B**

MS. CARNEY specified that [the items received] will be those things related to the strategy and those things that are allowable.

Number 0653

SENATOR HOFFMAN inquired as to why this is being dealt with today when there are less than 30 days before the regular

session. He inquired as to why this couldn't be taken up in regular session by the full legislature.

MS. FRASCA answered that if history is an indicator, the legislature isn't prone to approve appropriation legislation immediately "out of the shoot." Because of the December 31, 2003, completion date for the strategies, the [committee] will be in a position to make immediate or quick awards.

MS. CARNEY pointed out that there is a federal requirement to make the allocations to the jurisdictions within 60 days of the award date. Therefore, once the federal government provides the award, the state has 60 days to make the allocation. She specified that [the department] can't make an allocation without the authority.

REPRESENTATIVE JOULE requested explanation regarding the \$14 million and the \$4 million for law enforcement.

MS. CARNEY explained that the \$4 million for law enforcement is broken down by this formula. She said that \$328,000 is for law enforcement prevention program funds to be awarded at the local level. Again, that will be a competitive application process. In further response to Representative Joule, Ms. Carney specified that the population formula is for Alaska and the allocation to the local jurisdictions will be solely based on the competitive process for the 31 jurisdictions that are eligible. She noted that she could provide the committee with a list of those eligible jurisdictions.

Number 0676

MS. FRASCA moved on to RPL 25-4-3328, which is a request to receive \$500,000 for terminal building modifications at the Sitka airport. The state needs to receive these funds in order to pass them through to the City of Sitka because although the city owns the passenger terminal, it doesn't own the airport. The federal airport improvement program dollars need to flow through the owner. She turned to RPL 25-4-6727, which is a request to approve \$1.6 million for Dillingham trail construction. This project was moved forward from 2005 to 2004 because of the availability of an asphalt pavement batch plant that is already in Dillingham.

SENATOR BEN STEVENS asked if [the \$1.6 million] will be allocated to one of the existing trail programs or the project itself.

MS. FRASCA deferred to Department of Transportation & Public Facilities representatives.

Number 0721

JENNIFER WITT, Regional Program Development Manager, Central Region Program Development, Department of Transportation & Public Facilities, explained that the project for the Dillingham trail is specifically in Trails and Recreation Access for Alaska (TRAAK) within the Statewide Transportation Improvement Program (STIP). The Dillingham project will specifically be accounted for as a TRAAK project.

MS. FRASCA turned to RPL 41-4-9018, which is a request for \$150,000 of a federal grant for a felony drug court program that will allow the admittance of 20 defendants. Also, some money will be sent to the Department of Corrections to help pay for a probation officer.

SENATOR BEN STEVENS returned to RPL 06-4-0245. He inquired as to why the facility rental is so small in the proposal.

MS. CLARKE explained that under the contractual expense items, facility rental is that portion of the state rent that the 1.5 positions will occupy.

SENATOR BEN STEVENS surmised then that it's [in the existing facility] and thus the department isn't renting anything.

MS. CLARKE agreed. In further response to Senator Ben Stevens, Ms. Clarke highlighted that this [RPL] is a proposed budget and DHSS will be reimbursed by the Denali Commission based on expenditures. Therefore, if there is no need to travel, there will be no travel. She further agreed with Senator Ben Stevens that these funds are reimbursable not contractual.

Number 0771

SENATOR THERRIAULT turned attention back to RPL 09-4-0078. He asked if there is a list of those grants that are anticipated to be made or is there a process by which the different agencies will submit applications for this equipment money. He expressed his belief that the legislature should track where the money flows.

MS. FRASCA noted that Ms. Carney had explained earlier the strategy assessment process and the mechanism by which the grants will be awarded.

SENATOR THERRIAULT related his understanding that where the money is going to flow hasn't been decided and there is a process to decide that. He requested a list specifying where the money goes.

MS. FRASCA agreed to prepare such a list as well as a list specifying where the previous \$18 million in grants went.

CHAIR SAMUELS removed his objection to the passage of all the RPLs. There being no further objection, the following RPLs passed: 02-4-0039; 05-4-0746; 06-4-0242; 06-4-0245; 09-4-0077; 09-4-0078; 25-4-3328; 25-4-6727; and 41-4-9018.

#### **OTHER COMMITTEE BUSINESS**

Number 0800

TINA CUNNING, State-Federal Issues Program Manager, Office of the Commissioner, Alaska Department of Fish & Game (ADF&G), informed the committee that a portion of the Black River was issued [to the state], although some additional work was required. The department just filed Porcupine River this week and is waiting for the end of the Bureau of Land Management's comment period on the following rivers: Wood River and Lakes, Kvichak River, Iliamna Lake, Tazlina River and Lake, and the Klutina River and Lake. The aforementioned batch was filed on July 18th and the comment period ended this week. Ms. Cunning also informed the committee that since she had a staff member trained in this area who was being laid off, she put him on this task and thus the hiring has been done and is underway. In fact, [ADF&G] is working closely with the Department of Natural Resources (DNR) regarding the selection of rivers.

DICK MYLIUS, Deputy Director, Division of Mining, Land and Water, Department of Natural Resources, related to the committee that of the four groups that have been filed, the comment period with BLM ends on Monday. As of earlier in the week, BLM had received no comments on those, which is a good sign. Furthermore, no one has filed suit or appeal on the Black River. Therefore, it seems that the process on the federal side is working well on the recordable disclaimers.

Number 0838

SENATOR HOFFMAN inquired as to the criteria used to select the rivers. He also requested a list of the rivers that have been selected and are under study as well as a list of the landowners involved.

MR. MYLIUS responded that the rivers initially [filed] are ones that BLM has previously determined to be navigable and were excluded from conveyances to the Alaska Native Claims Settlement Act (ANCSA) corporations and such. The Black River was chosen first partly because a quiet title action had been filed on that and there were some court records. Mr. Mylius specified that the rivers being reviewed for selection are the ones that are largely undisputed or that BLM has determined navigable. He offered to provide the committee with the list of about 200 rivers that are being reviewed.

#### **EXECUTIVE SESSION**

SENATOR BEN STEVENS 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, it was so ordered.

CHAIR SAMUELS brought the committee back to order at an unspecified time.

#### **AUDIT REQUESTS**

Number 0870

SENATOR BEN STEVENS made a motion for the following audits for the Department of Health and Social Services, Alaska Commission on Aging - sunset audit; Department of Community & Economic Development, Board of Dispensing Opticians - sunset audit; Department of Community & Economic Development, Commission on Real Estate - sunset audit; Department of Health and Social Services, Division of Behavioral Health and Select Issues - special audit; Department of Community & Economic Development, Guides and Transporters - special audit; Department of Corrections, Department of Administration's Correctional and Probation Officers Transfer Analysis, to be released to the appropriate agency/public for response. There being no objection, it was so ordered.

SENATOR BEN STEVENS made a motion that the committee withdraw the Department of Natural Resources, Division of Forestry, audit

request that was approved by the committee on June 24, 2002. There being no objection, the audit request was withdrawn.

**ADJOURNMENT**

There being no further business before the committee, the Joint Committee on Legislative Budget and Audit meeting was adjourned at 3:52 p.m.