

MINUTES
SENATE FINANCE COMMITTEE
March 18, 2003
9:02 AM

TAPES

SFC-03 # 23, Side A
SFC 03 # 23, Side B

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately 9:02 AM.

PRESENT

Senator Gary Wilken, Co-Chair
Senator Lyda Green, Co-Chair
Senator Con Bunde, Vice-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Ben Stevens
Senator Robin Taylor

Also Attending: JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services; SHARLEEN GRIFFIN, Budget/Finance Manager, Division of Administrative Services, Department of Corrections; JOHN CRAMER, Director, Administrative Services Division, Department of Military and Veterans Affairs; ED FISHER, Deputy Commissioner, Department of Labor and Workforce Development; JOELLEN HANRAHAN, Director, Division of Administrative Services, Department of Labor and Workforce Development; DOUG WOOLIVER, Administrative Attorney, Office of the Administrative Director, Alaska Court System

Attending via Teleconference: From an Offnet Site: TED KINNEY, Facilities Manager, Division of Administrative Services, Department of Corrections; CHARLES FINCH, Facility Manager One, Hiland Mountain Correctional Center, Department of Corrections; From Anchorage: RHONDA MCLEOD, Fiscal Manager, Office of the Administrative Director, Alaska Court System

SUMMARY INFORMATION

SB 100-APPROP: CAPITAL PROJECTS

The Committee heard overviews of the FY 04 capital request projects

from the Department of Health and Social Services, the Department of Corrections, the Department of Military and Veterans Affairs, the Department of Labor and Workforce Development, and the Alaska Court System. The bill was held in Committee.

#sb100

SENATE BILL NO. 100

"An Act making capital appropriations and reappropriations; capitalizing a fund; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Department of Health and Social Services

[Note: The Department of Health and Social Services' presentation is a continuation from the March 17, 2003 meeting.]

Mental Health Transitional Housing

\$ 1,000,000 Alcohol Education and Prevention Funds

Reference No.: 38368

Project Type: Renovation and Remodeling

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Phased Project - new

Funding will provide for an array of housing options to support recovery sustainability for a high-risk chronic alcoholic and substance-abusing population. This array ranges from an intensive on-site support services to minimal off-site group support and case management.

Mental Health Bill

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services, specified that this Mental Health project would provide funds to non-profit organizations to develop transitional housing for the State's high-risk, chronic alcoholic population with the goal of providing an environment where these individuals could remain sober until they were able to secure permanent housing. She stated that projects of this nature have proven success, and she noted that the Alaska Mental Health Trust Authority supports this project.

Co-Chair Wilken asked whether the funding identified for this project is restricted funding or whether it could be used for general fund purposes.

Ms. Clarke responded that while the Alcohol Education and Prevention Funds are not dedicated funds, its documentations specify that the Legislature "may appropriate the dollars to certain purposes." Therefore, she stated that this language allows the funds to be used for alcohol prevention and treatment programs.

Mental Health Fairbanks Detoxification Unit Expansion and Renovation

\$ 1,000,000 Alcohol Tax Funds

Reference No.: 38366

Project Type: Renovation and Remodeling

Category: Health/Human Services

Location: Fairbanks (Fairbanks/Fort Wainwright)

Election District: Fairbanks/Fort Wainwright

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

This project will provide capital funding to expand detoxification services in the Fairbanks area to those unable to obtain medical detoxification services due to the current limited capacity. This population is largely composed of Mental Health Trust beneficiaries under the Chronic Alcoholism with Psychosis criteria.

Mental Health Bill

Ms. Clarke informed that this project would be used to renovate and increase the bed capacity in an existing Fairbanks facility from the current ten to twenty "to better meet the needs of the community." She understood that the community of Fairbanks proposed this request to the Alaska Mental Health Authority and recommended that the recently enacted Alcohol Tax Fund be the funding mechanism. Furthermore, she noted that the current facility serves 1,000 individuals per year, and that the new facility would be able to provide services to 1,800 a year. She noted that the Alaska Mental Health Trust Authority supports this project.

Senator Hoffman asked whether the Alaska Mental Health Trust Authority has developed a list of projects that would be supported by the Alcohol Tax Fund.

Ms. Clarke responded yes, that the Authority has developed a list of projects that it recommends being funded by the Alcohol Tax Fund. She noted that this list, as compared to the list of projects contained in Governor Frank Murkowski's budget proposal, could be

provided to the Committee.

Co-Chair Wilken asked the Department to supply Committee members with a copy of the list.

Co-Chair Green asked whether the projects identified by the Alaska Mental Health Authority were determined after consultations with such entities as the Department of Health and Social Services consulted and the Alcohol and Substance Abuse Council.

Ms. Clarke responded that the Alaska Mental Health Authority developed a comprehensive proposal after consulting with a variety of entities, including the Department, various councils and advisory boards, and the Governor Tony Knowles Administration, which was in place last fall when the Authority addressed these projects. She pointed out that Governor Frank Murkowski consulted the Authority's list in making his proposed budget determinations.

Co-Chair Green asked whether the Department's new director, Joel Gilbertson, has had an opportunity to review and comment on the requests.

Ms. Clarke stated that Governor Murkowski reviewed the proposals and made decisions.

Senator Hoffman asked for clarification regarding whether the Alaska Mental Health Trust Authority must review projects that would be funded by the Alcohol Tax Fund.

Ms. Clarke responded that the legislation does not require project review by the Alaska Mental Health Trust Authority.

Co-Chair Wilken asked whether other similar detoxification facilities provide services in the State. Furthermore, if there were others, he requested the Department to provide the Committee with a list of who operates them and how they are funded. In addition, he asked who would operate the Fairbanks facility upon completion of its renovation project.

Ms. Clarke replied that there are similar facilities operating in the State. She could not recall the operators of the Fairbanks facility.

Co-Chair Wilken asked whether Missions and Measures information exists within the Department of Health and Social Services regarding how to measure the success of detoxification programs.

Ms. Clarke responded that, rather than having a specific measure

regarding individual projects, the Department has "broad measures" regarding alcohol programs related to chronic and binge drinking and alcohol consumption. She noted that research has been conducted on different models of treatments and their effectiveness.

Co-Chair Wilken expressed that rather than "just building a bigger revolving door," consideration should be given to supporting projects that have proven results as opposed to continuing to enable "those that are taking advantage of the system."

Co-Chair Green shared that in a recent Senate Health and Social Services (SHSS) separate committee meeting, this issue was also addressed and it was determined that inadequate missions and measures exist to address the issue. She furthered that the development of Missions and Measures regarding the evaluation of alcohol programs has been identified as a goal of the SHSS.

Mental Health Substance Abuse Treatment Facilities for Women and Children

\$ 500,000 Alcohol Tax Fund

Reference No.: 35712

Project Type: Construction

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

This project will fund additional facilities for Women with Children programs that will allow women in substance abuse treatment to remain with their children during recovery. Currently, there are more than 60 women on wait lists in Alaska for this type of treatment. This request will eliminate the wait list and make future waits more manageable.

Mental Health Bill

Ms. Clarke shared "that women who are dependent on alcohol or other drugs are at risk of or may have already lost custody of their children." She stated that the Department's "greatest waitlist issue" results from the fact that separate facilities are required in order to allow women to keep their children with them while they participate in the treatment program. She stated that this project would provide housing accommodate approximately seven to ten women and approximately 14 to 20 children. She noted that this funding would serve to unify families rather than requiring children to be in the custody of the Division of Family and Youth Services (DFYS) while their parent is awaiting or receiving treatment. She noted that the Alaska Mental Health Trust Authority endorses this project.

Co-Chair Wilken clarified that the Alaska Mental Health Trust Authority has reviewed this project and included it in their Mental Health Trust legislation. In addition, he concluded that the Authority has identified the Alcohol Tax Fund as the project's funding mechanism.

Ms. Clarke responded that is correct.

Co-Chair Wilken asked whether the Trust would have identified Mental Health Trust receipts or other funding sources were the recently enacted Alcohol Tax Fund source unavailable.

Ms. Clarke affirmed that other funding sources would have been specified; however, she noted that the Office of the Governor has endorsed the use of this new funding source in this manner. She commented that the Legislature has the authority to allow or disallow this funding mechanism to be used to support projects in the Mental Health Trust Authority legislation.

Public Health Laboratory Legal Settlement

\$ 76,000 Statutory Designated Receipts

Reference No.: 37717

Project Type: Deferred Maintenance

Category: Health/Human Services

Location: Anchorage (Lore/Abbott)

Election District: Lore/Abbott

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

This project allows receipt of legal settlement fees that occurred during the construction of the Public Health Laboratory in Anchorage.

Ms. Clarke commented that the supporting funds for this project were received as the result of a legal settlement relating to an issue pertaining to the construction of the new Public Health Laboratory in Anchorage. She noted that the settlement specifies that these funds must be used to support a project at that laboratory.

Department of Corrections

Deferred Maintenance, Renewal and Replacement, Renovation and Repairs, and Miscellaneous Projects

\$ 2,000,000 general funds

Reference No.: 36788

Project Type: Deferred Maintenance

Category: Public Protection

Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003- 06/30/2008
On-Going Projects

The Department of Corrections is responsible for maintaining 133 state-owned buildings (over 1.3 million square feet and \$431/6 Million in replacement value). The majority of these buildings are over 20 years old with 10% exceeding 40 years of age. Maintenance must be done annually to keep the facilities operating safely and securely.

SHARLEEN GRIFFIN, Budget/Finance Manager, Division of Administrative Services, Department of Corrections informed the Committee that she would be available to answer questions.

TED KINNEY, Facilities Manager, Division of Administrative Services, Department of Corrections, testified via teleconference from an offnet site in Anchorage and reviewed the variety and condition of the Department's facilities. He explained that the Department's deferred maintenance requests were determined by a four-step evaluation process that: identified a total Department deferred maintenance need of approximately \$20 million; determined that \$11.1 million of those were essential needs; determined that \$4.6 million of those were critical needs; and lastly, determined that of those, three projects amounting to \$3.5 million, would fit within the State's "budget constraints."

Mr. Kinney stated that included in Request No. 36788 are numerous small, deferred renewal and renovation projects. Continuing, he noted that, where possible, inmate labor would be used to assist in accomplishing the projects. However, he continued, contractors would be required to address specialized project components. He referred to the \$5 million project list that accompanies this request, and noted that, in the time since this list was developed in November 2002, additional projects have been identified due to such things as breakage. He stated that, typically, the list is updated each April and, dependent on the authorized funding appropriation, specific projects would be identified.

Co-Chair Wilken asked whether the identified projects are listed in priority order.

Mr. Kinney responded that they are not. He affirmed that specific projects would be identified upon completion of the State's budget appropriation process.

Correctional Institutions Roof Repairs and Siding Replacement
\$ 1,455,000 general funds

Reference No.: 35773
Project Type: Construction
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
Phased Project - New

This project funds the review, repair, and replacement of building roofs and siding at Cook Inlet Correctional Center, Fairbanks Correctional Center, Hiland Mountain Correctional Center, Wildwood Correctional Center, and Yukon-Kuskokwim Corrections Center.

Mr. Kinney stated that while the Department has identified approximately \$5 million in total roof repair projects, the most crucial needs are listed in this request. Again, he noted that inmate work crews would address small projects; however, he stated that such things as metal roof replacement would require professional contractors. He shared that the Cook Inlet facility has extensive roof issues that have allowed water to accumulate in water fixtures. He shared details of other facilities' projects, and he noted that, while this funding request would address the initial engineering analysis or project phase, some projects would be continuing into future repair requests.

Correctional Institutions Water System Repairs and Replacement
\$ 450,000 general funds
Reference No.: 37815
Project Type: Deferred Maintenance
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2007
Phased Project -New
Repair and replace water systems at Cook Inlet Correctional Center, Hiland Mountain/Meadow Creek Correctional Center, and Spring Creek Correctional Center.

Mr. Kinney explained that this request would allow for the replacement and repair of water systems that would provide further efficiencies and offset possible dangers caused by flooding or water contamination.

Senator B. Stevens asked whether the Environmental Protection Agency (EPA) and the Department of Environmental Conservation (DEC) ruling that classifies the Hiland Mountain/Meadow Creek Correctional Center (HMCC) as a Class A well water system that is "under the influence of surface water," is a recent ruling.

CHARLES FINCH, Facility Manager One, Hiland Mountain Correctional Center, Department of Corrections, clarified that the ruling was issued approximately five years ago. He informed that Eagle River floods on a regular cycle and poses a danger to the Center's shallow surface wells.

Co-Chair Wilken asked whether another water system might be available to HMCC.

Mr. Kinney responded that a subdivision is located near the facility and that there are plans to build a new Eagle River high school in the area.

Co-Chair Wilken asked, therefore, whether HMCC could tie into the local public water utility system.

Mr. Kinney disclosed that the project would consist of constructing a water line connection that would enable HMCC to tie into the public water system.

Co-Chair Wilken noted that the backup material references two phases of the project. He asked whether additional phases would be required to complete this endeavor.

Mr. Kinney responded that the two phases consist of constructing a line from the facility to the public system and constructing an on-premise line. He stated that both phases are included in the request.

Co-Chair Wilken clarified that the total HMCC project expense would be \$400,000.

Mr. Kinney concurred.

Senator Olson asked why the Department is requesting shingled roofing rather than metal roofing, which is less labor intensive and more durable for the Hiland Mountain Correctional Center roof repairs identified in request no. 35773.

Mr. Kinney responded that the Department has experienced situations with metal roofing whereby snow accumulations on the sloped metal roof have avalanched down onto sidewalks. Therefore, he voiced the preference to allow snow to remain on the roofs and gradually melt rather than allowing it to slide off or "dam up" in the roof valleys. Furthermore, he mentioned that the correctional center has a number of flat-roofed buildings that must be resurfaced. He summarized that shingled roofs would be a better solution in the

Hiland area.

Senator Hoffman questioned the \$300,000 FY 05 request that is specified in the back up material regarding water system repairs and replacement, Reference No. 37815.

Mr. Kinney responded that the \$300,000 request reflected for FY 05 pertains to the replacement of the water systems at the Cook Inlet Pretrial Facility and the Spring Creek Correctional Center, as identified on page 2 of the back-up material.

In response to further questioning from Senator Hoffman, Mr. Kinney voiced the understanding that Co-Chair Wilken's question regarding the FY 04 request pertained to whether the water system project at HMCC would require additional phases beyond Phases 1 and 2.

Co-Chair Wilken asked why the roof repair request, Reference No. 35773, and the water system repair/replacement request, Reference No. 37815 are being submitted separately from the deferred maintenance, renewal and replacement request, Reference No. 36788.

Mr. Kinney responded that in developing the budget, the Department identified a number of "specialized projects" such as fire alarm repairs, roof repairs, sewer system repairs, and security fencing repairs. He stated that these projects are "large dollar values" and the department determined that they should be stand-alone projects. He agreed that, in many respects, these projects could be consolidated into a single project; however, he voiced that the Department desired these projects to be highlighted.

Department of Military and Veterans Affairs

Army Guard Facilities Deferred Maintenance

\$ 710,000

 \$310,000 Federal Receipts

 \$400,000 General Funds

Reference No.: 34009

Project Type: Deferred Maintenance

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

With 245 buildings and 107 various locations, and average age of the buildings is approximately 30 years old, deferred maintenance and renewal and replacement are a high priority. Preventative maintenance is performed on schedule, yet building components have a limited life thus renewal and

replacement is required.

JOHN CRAMER, Director, Administrative Services Division, Department of Military and Veterans Affairs read the request analysis. He noted that while page two of the back-up material depicts the list of facilities that would benefit from this funding, the list is not in priority order,

Air Guard Facility Deferred Maintenance

\$ 150,000 General Funds

Reference No.: 34007

Project Type: Deferred Maintenance

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

Continued maintenance of existing Air National Guard Facilities at Eielson Air Force Base and Kulis Air National Guard Base is required. Maintenance/repair projects are considered deferred after one year without repair. The amount requested is consistent with the DMVA goal of reduced deferred maintenance by at least 5% each year.

Mr. Cramer commented that the request's back-up material lists the top ten needs for each of the two bases.

Co-Chair Wilken observed that the State would be responsible for approximately \$800,000 in total funding for the projects specified in the back-up material, as opposed to the federal total obligation of approximately \$3.2 million. He noted the "high degree of federal leveraging" in the Department's requests.

Mr. Cramer specified that the State would be responsible for approximately 25 percent of a projects' cost with the federal responsibility being approximately 75 percent. He noted that the State would pay its portion of the funding to the federal government as a reimbursement.

Facilities Spill Prevention Control and Countermeasures

\$ 125,100

\$108,800 Federal Receipts

\$ 16,300 G/F Match

Reference No.: 32563

Project Type: Health and Safety

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

State Match Required

All facilities with a fuel tank over 660 gallon capacity, or total combined capacity over 1,320 gallons, require a Spill Prevention Control and Countermeasures (SPCC) plan under the Clean Water Act. The SPCC plans must be reviewed and updated every 3 years by a licensed engineer. State and military facilities are not exempt under this Act.

Mr. Cramer read the analysis. He noted that the fuel tank locations and related expenses are identified in the back-up material.

Senator Taylor surmised that the amount being charged for each inspection is identical because the State has contracted the job out to a contractor.

Mr. Cramer responded no, that the \$5,000 per tank expense is an estimate. Furthermore, he clarified that a contract is awarded for each location.

Senator Taylor asked whether the purpose of the contract is to have an engineer re-certify that a tank is compliant.

Mr. Cramer agreed.

Co-Chair Wilken noted that non-compliance would result in \$10,000-a-day fine. He asked whether the compliance date is imminent.

Mr. Cramer voiced the understanding that the date is imminent; however, he noted that the Department does not designate that this request is an urgent manner.

Co-Chair Wilken asked that the in-compliance timeline be provided to the Committee.

Federal Scout Readiness Centers Energy Projects

\$ 153,300

 \$148,700 Federal Receipts

 \$ 4,600 G/F Match

Reference No.: 32560

Project Type: Construction

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

Sites are selected based on the number of Guardsmen at the

site and the anticipated energy savings generated by the upgrade. Current projects consist of installing direct digital controls to maximize heating efficiency, replacing hot water boiler, repair ceiling by increasing insulation and downsizing hot water tanks.

Mr. Cramer read the summary. He pointed out that the back-up material identifies the locations that would be addressed.

Co-Chair Wilken observed that as a result of the State spending \$4,600, the federal government would be contributing \$148,700.

Federal Scout Readiness Centers Construction
\$ 1,700,000 Federal Receipts
Reference No.: 6913
Project Type: Construction
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2002 - 06/30/2008
On-Going Project

The National Guard Bureau provides for the construction of three new Federal Scout Armories in Alaska per year. While the federal funding is available and the need exists, we will continue with the program and request federal authority from the State. The three locations for FY 04 are Kwiglingok, Alakanuk, and Quinhagak.

Mr. Cramer read the summary.

Co-Chair Wilken stated that the State would be responsible for maintaining and operating these centers once they are built; however, he understood that the forthcoming expense would receive a four-to-one federal match.

Mr. Cramer concurred.

Co-Chair Wilken asked the number of Centers that have been constructed using this funding mechanism.

Mr. Cramer voiced uncertainty to the number.

Department of Labor and Workforce Development

Unemployment Insurance Tax System Replacement
\$ 2,000,000 Federal Receipts
Reference No.: 37678
Project Type: Information Systems

Category: Development
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2004
On-Going Project

The Unemployment Insurance Tax unit collects/accounts for the quarterly employer/employee UI tax contributions, which supply the UI Trust Fund for benefit payments. Completing this project to replace the 1982 version of the tax system currently in use will increase the reliability of the Tax system and because it will be compatible with other systems will result in the elimination of the need to maintain and support the storage of redundant data.

ED FISHER, Deputy Commissioner, Department of Labor and Workforce Development, informed that Ms. Hanrahan would present the Department's capital project budget requests.

JOELLEN HANRAHAN, Director, Division of Administrative Services, Department of Labor and Workforce Development stated that this request would complete the installation of an updated tax system. She informed that replacement of the 1982 system that is currently in use would reduce extra programming staff time which is required to address the old system's frequent crashes and results in down time. Furthermore, she asserted that the new system would function more reliably, would provide the ability to increase integration between Department's systems, would reduce current redundancy measures, and would bring the system in compliance with federal standards. She stressed that were the Department to continue with the antiquated 1982 system, a crisis situation could result.

Senator Taylor asked whether assurances have been taken to ensure that the system is compatible with other State computer systems.

Ms. Hanrahan responded that system interfaces are being designed in order to assure compatibility with other systems such as the Court computer systems.

Senator Taylor appreciated the fact that the current system must be replaced; however, he urged the Department to verify that the system would be compatible and would be able to integrate information with other agencies' systems. He voiced that inter-agency computer communication is an important issue.

Co-Chair Wilken noted that the back-up material specifies this as an on-going project; however, he pointed out that no funding is specified after FY 04.

Ms. Hanrahan stated that the project would be completed in FY 04.

Co-Chair Wilken asked whether allocating one million dollars in FY 04 and one million dollars in FY 05 could be an option.

Ms. Hanrahan stated that splitting the allocation into two fiscal years would disrupt the project's schedule with contractors and in-house staff.

SFC 03 # 23, Side B 09:49 AM

Electronics Data Interchange Expansion to the Worker's
Compensation Computer System Phase 2

\$ 70,000 Workers Safety

Reference No.: 38481

Project Type: Information Systems

Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2004

Phased Project - Underway

This project will enable the program to produce statutorily required reports as well as allow the electronic filing of payment reporting. New programming will provide insurance companies and employers the opportunity to submit required information directly into the workers compensation information handling system.

Ms. Hanrahan explained that approval of this request would allow the Department to continue the second phase of converting Workers Compensation (WC) reports to an electronic filing program, which she asserted would result in a decrease in paperwork. In addition, she stated that this conversion would enable the Department to interchange information with other states in order to compare and study WC cases as a means of addressing "the costs that are driving WC premiums." She stated that the Department handled approximately 20,300 WC cases in FY 02 and she noted that each case is handled when it is opened, changed, and terminated.

Co-Chair Wilken asked how the Workers Safety account is funded.

Ms. Hanrahan explained that the Workers Safety account is funded by the premiums paid to the Division of Insurance by insurance companies and adjusters.

Co-Chair Wilken asked whether another phase of this project would

be requested in FY 05, and whether it, too, would be funded by the Workers Safety account.

Ms. Hanrahan responded that an additional component of the WC process would be requested in FY 05, and she assured that it too would be funded by the Workers Safety account.

Employment Service Statewide Equipment Replacement

\$ 500,000 Federal Receipts

Reference No.: 37677

Project Type: Information Systems

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2006

One-Time Project

The purpose of these federal funds are to purchase much needed equipment for 22 statewide Employment Service Job Center offices. The equipment is for the general public and ES staff and the list includes computers, printers, copiers, and fax machines. Most of the equipment is used by the public for finding a job and the existing equipment is outdated and slow. Purchasing this equipment will benefit employees, job seekers and ES staff. Employment Service operating programs have been flat funded for nine years and cannot afford this new equipment for the public service job centers. This request uses a portion of the \$14.8 million in Reed Act monies deposited in Alaska's UI Trust Fund account in March 2002.

Ms. Hanrahan stated that most of the requested equipment would be located in State Job Centers to enhance the ability of individuals seeking employment to find jobs. She stated that this updated equipment would be installed over a three-year period and would replace current equipment, which has not been replaced since approximately 1998.

Senator Bunde questioned the \$1,500 expense per each requested fax machine, as, he attested, lower priced machines are available.

Ms. Hanrahan believed that the requested fax machines are "heavy duty" units as opposed to individual low-volume machines.

Senator Bunde asked the rationale for providing fax machines for public use at the Centers. Furthermore, he asked whether the Department has developed a schedule of equipment replacement and maintenance, as he asserted, the request for equipment replacement is intensive.

Ms. Hanrahan stated that the equipment specified in this request would be installed over a three-year period. She reminded that this project would be funded by the employment services program job centers, a federal program which itself has been flat-funded for nine years. She stated that the State did not develop an equipment replacement program due to the flat-funding status; however, she stated that specific equipment replacement funding has become available due to the incorporation of federal Reed Act funding.

Senator Bunde suggested that the Department incorporate funding on an annual basis to, for example, replace one \$1,500 fax machine a year, rather than waiting several years for a large funding source like this to become available to replace antiquated equipment.

Co-Chair Wilken clarified that this request seeks a one-year authority to support a plan to replace equipment over a three-year period.

Ms. Hanrahan voiced that this request would allow the Department to receive a one-year authorization to spend one million dollars to replace equipment over a three-year period.

Co-Chair Wilken asked the testifier to explain the federal Reed Act funding program.

Ms. Hanrahan explained that the Reed Act is a federal program that was enacted in 1954. She explained that this Act allows the federal government to return money to the states when the balance in three separate federal accounts reaches a certain maximum level. She stated that while the maximum level has been increased over time, the monies in the accounts have accumulated and have allowed for a distribution of Reed Act funds. She stated that the State received notification regarding the Reed Act funding distribution in FY 02.

Co-Chair Wilken surmised therefore, that this would account for the \$14.8 million that the State received in the Unemployment Insurance Trust Fund.

Ms. Hanrahan concurred.

Co-Chair Green equipment asked for clarification that this funding would provide computers, printers, copiers, and fax machines for the general public and for the Employment Service staff. She asked whether the equipment would be concentrated in a public use area or whether staff would be provided with separate equipment.

Ms. Hanrahan responded that equipment would be provided for public use in the Job Center's resource area and that separate equipment

would be provided to staff.

Co-Chair Green asked whether the Reed Act funding could be used to support other State projects.

Ms. Hanrahan responded that the funds could be used, were the State to choose to do so, for payments of benefits. Additionally, she noted that the funds could be used to fund computer projects such as the one requested here, and for the administration of the State's Unemployment Insurance (UI) program. She clarified that specific guidelines for fund usage accompany the allocation, and she noted that the federal government "has encouraged" that this Reed Act distribution be utilized to upgrade states' computer systems for employment and unemployment services.

Co-Chair Green asked whether this request is the only FY 04 request that would utilize Reed Act funds.

Ms. Hanrahan responded that in addition to this request, the aforementioned Tax System Replacement project, Reference No. 37678, would also use Reed Act funds as its funding source.

Senator Hoffman noted that the back-up information for the equipment replacement request specifies that, "this request uses a portion of the \$14.8 million in Reed Act monies deposited in Alaska's UI Trust Fund account in March 2002." He requested that the Department supply the Committee with a list of the projects that have been identified to be funded with this money.

Ms. Hanrahan stated that a list of projects would be provided, although she clarified that a complete plan has not, of yet, been identified. She stated that while the funding was received in 2002, other than these two FY 04 requests, the use of these funds has been limited to a single \$3 million FY 03 appropriation that funded a Web-based labor exchange system.

Senator Hoffman asked how much Reed Act funding would be available were this request authorized.

Ms. Hanrahan specified that \$3 million of the \$14.8 million has been allocated.

Senator Taylor asked when the State received the \$14.8 million. He surmised that receipt of the funds must have occurred in FY 02, before the FY 03 budgetary process was finalized.

Ms. Hanrahan stated that the Reed Act funds were received in FY 02 while the Legislature was in session.

Senator Taylor asked whether the State anticipates receiving additional Reed Act funding in FY 03.

Ms. Hanrahan responded that an FY 03 distribution of Reed Act money is not anticipated; however, she stated that Congress could address this during their forthcoming budgetary legislation.

Co-Chair Wilken requested the Department to provide the Committee with its allocation plan for the remainder of the Reed Act funds.

Alaska Court system

Statewide Remodeling Projects

\$ 950,000 General Funds

Reference No.: 37743

Project Type: Renovation and Remodeling

Category: Law and Justice

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Renovation projects to increase staff efficiency, improve access for the public and increase efficiency of conducting court business (particularly accommodation for improved technology).

DOUG WOOLIVER, Administrative Attorney, Office of the Administrative Director, Alaska Court System stated that a portion of this request would authorize the Department to negotiate a long-term lease and remodel of the Department of Military and Veterans Affairs Kotzebue Armory as an alternative to the current Courthouse facility there. He stated that the existing Courthouse is thirty years old and "has significant problems," such as a poorly ventilated heating system and inadequately small jury rooms. He stated that remodeling the existing facility is prohibited by small site size and the fact that alternate space would be unavailable during the remodeling effort. Furthermore, he advised that were action not taken in regards to the Armory, finding alternate, adequate space in the community would be limited. He stated that the Court's lease expense would serve to offset the current expenses the Department of Military and Veterans Affairs has in the routine upkeep of the Armory building.

Co-Chair Wilken noted that although the total of this FY 04 request amounts to \$950,000, the testimony pertains to the \$225,000 portion of the request that is earmarked for the Kotzebue Courthouse. He specified that \$225,000 was allocated toward Courthouse design in the FY 03 funding, and he asked whether that work is concluded.

Mr. Wooliver responded that the design money has been "set aside" in anticipation that the Armory remodeling/lease authorization would be approved.

Senator Taylor asked the identity of the owner of the Courthouse.

Mr. Wooliver replied that while the State currently owns the Courthouse facility, the Department would like to transfer the title to the City of Kotzebue once the Court vacates it in order to avoid continuing maintenance expense.

Senator Taylor asked whether the State built or purchased the Courthouse building.

Mr. Wooliver voiced uncertainty regarding the specifics of the initial purchase.

Court Security Projects
\$ 1,100,000 General Funds
Reference No.: 37744
Project Type: Health and Safety
Category: Law and Justice
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
This request includes projects to provide for physical and data security.

Mr. Wooliver informed the Committee that this project has been included in the Department's capital requests for three years, and he stated that the goal of making Court facilities "more secure" is the Department's "number two priority," as he advised that Courthouses are becoming "more and more dangerous." Furthermore, he communicated that most Courthouse security concerns arise from "angry litigants" involved in the increasing number of domestic violence and family law cases as opposed to the national misconception that most Courthouse violence involves criminal cases. He communicated that few courts have the necessary security to protect front line staff and litigants. Additionally he noted that not specified in the request is a \$75,000 operating budget match that would provide for additional contract personnel to conduct screening in the Kenai Courthouse. He stated that other increased security components would include: improved screening equipment; building access control systems; alarms; bulletproof judge bench areas; and other things that would not require an increase in personnel were the \$75,000 operating budget match not forthcoming.

Senator Hoffman referenced the testimony that allowed that this is the third time this request has been submitted to the Committee, and he asked whether any harmful incidences have occurred during the previous two years.

Mr. Wooliver stated that a list of incidences would be supplied.

Senator Hoffman asked whether any specific situations could be shared.

Mr. Wooliver stated that this information would be provided.

Co-Chair Wilken asked whether any federal homeland security funding might be available to support security upgrades.

RHONDA MCLEOD, Fiscal Manager, Office of the Administrative Director, Alaska Court System testified via teleconference from Anchorage and stated that these types of projects do not qualify for federal homeland security funding.

Senator Taylor voiced acceptance that concerns do exist; however, he noted that the Department's lack of specific incidents indicates that the situation might not be as imperative as portrayed. He questioned why some Court facilities have metal detectors and others do not, and he noted the lack of substantial security in the Capitol Building. He stated that other State entities, such as the Child Support Enforcement Agency in Anchorage that has installed thick bulletproof glass, are concerned about security. He professed that the State should be user-friendlier. He avowed that the State could not afford this legislation, and he asserted that this situation should be addressed as an overall "general policy call." As an attorney, he shared personal knowledge of the situation; but he asserted that the Legislature should endeavor to develop a policy regarding what, where, and when security measures should be implemented.

The bill was HELD in Committee.

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ADJOURNMENT

Co-Chair Gary Wilken adjourned the meeting at 10:17 AM.