

HOUSE FINANCE COMMITTEE  
January 29, 2009  
1:32 p.m.

CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at [1:32:51 PM](#).

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair  
Representative Bill Stoltze, Co-Chair  
Representative Bill Thomas Jr., Vice-Chair  
Representative Allan Austerman  
Representative Harry Crawford  
Representative Anna Fairclough  
Representative Richard Foster  
Representative Les Gara  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

Annette Kreitzer, Commissioner, Department of Administration; Eric Swanson, Director, Division of Administrative Services, Department of Administration; Kevin Brooks, Deputy Commissioner, Department of Administration; Pat Galvin, Commissioner, Department of Revenue; Ginger Blaisdell, Director, Division of Administrative Services, Department of Revenue; Jerry Burnett, Deputy Commissioner, Division of Treasury, Department of Revenue; Chris Christensen, Staff Counsel, Alaska Court System; Larry Cohn, Executive Director, Alaska Judicial Council, Alaska Court System; Marla Greenstein, Executive Director, Alaska Commission on Judicial Conduct, Alaska Court System; Talis Colberg, Attorney General, Department of Law; Dave Blaisdell, Director, Division of Administrative Services, Department of Law; Craig Tillery, Deputy Attorney General, Department of Law; Mr. Richard Svobodny, Deputy Attorney General, Criminal Division, Department of Law

PRESENT VIA TELECONFERENCE

Larry Cohn, Executive Director, Alaska Judicial Council, Alaska Court System; Marla Greenstein, Executive Director, Alaska Court System

SUMMARY

Budget Overviews:     Department of Administration  
                          Department of Revenue  
                          Alaska Court System  
                          Department of Law - Civil

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ANNETTE KREITZER, COMMISSIONER, DEPARTMENT OF ADMINISTRATION introduced the Department of Administration staff.

Co-Chair Stoltze asked if Mr. Jones was the Procurement Officer for the state. Ms. Kreitzer said he was.

Ms. Kreitzer drew attention to a brochure that gives a short description of the various divisions within the Department. She pointed out that the Department has three main parts: divisions that maintain an arm's length relationship with the state, divisions that provide centralized services, and public facing agencies. The one main function of the Department is to save the state money by centralizing services so that payroll, mailroom, personnel, and computer services are not replicated across every department.

Ms. Kreitzer listed the boards and commissions with an arm's length relationship to the Department. The purpose of the boards and commissions is to provide services related to personnel.

Ms. Kreitzer explained the Department's role in centralized services.

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Representative Joule asked about APOC reporting requirements for the Violent Crimes Compensation Board. He wondered if too much information is being required from potential board applicants. Ms. Kreitzer related that work was being done on how reporting requirements were being handled.

Ms. Kreitzer talked further about centralized services and its involvement with labor relations. She referred to a web site relating to recruitment and retention. She listed services provided by the Office of Administrative Hearings, and Risk Management. She referred to the Department's brochure about state contracts and outreach by the Division of General Services. She spoke highly of the Department's outreach programs.

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Ms. Kreitzer highlighted the Department's public agencies.

Co-Chair Stoltze commented on a problem with too many public defenders in Bethel. Ms. Kreitzer said she had not heard that comment.

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Ms. Kreitzer commented on FY09 goals and accomplishments. She reported that Phase 3 of the VOIP phone installation has been completed, decommissioning the PBX's that were struck by lightning. The Online Checkbook is now online. The Active Directory has begun rolling out, the next step in the Microsoft Exchange roll-out that began in 2007. The Linny Pacillo Parking Garage has been completed. The Palmer State Office Building will be ready for occupancy on October 1, 2009. Computer security initiatives, including HB 65, are in process. Recruitment and retention issues are being addressed through labor contracts, service steps, and the Working Group Report.

Co-Chair Hawker observed that the state has made great improvements in technology the last several years. Ms. Kreitzer commented on the progress of technology. She noted the load related to the PFD filings.

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Representative Austerman requested more information about the FY09 budget. Ms. Kreitzer offered to provide written information. She added that information on the Department's large projects can be found on their web page.

Co-Chair Hawker asked for information about the FY10 budget.

ERIC SWANSON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION, pointed out that there are significantly fewer increments in the FY10 budget.

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Mr. Swanson reported on an increase in the Leases budget, in interagency receipts, for \$1,745,000.

Mr. Swanson explained an increase in the Facilities component of \$2.2 million.

Mr. Swanson highlighted one decrement in the Satellite Infrastructure component.

Co-Chair Hawker summarized that the Department is removing excess authority and it is not a \$900,000 reduction in the Public Broadcasting budget. Mr. Swanson agreed.

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Mr. Swanson talked about an increment of \$652,600 in the DMV component.

Mr. Swanson pointed out that he has not mentioned salary adjustments, which occur throughout the budget.

Co-Chair Hawker asked about the Group Health Insurance increment. Mr. Swanson reported that there were \$5.1 million in benefit systems receipts. The Department anticipates a new third-party administrator contract at the start of FY10 which would incur new costs.

Co-Chair Hawker asked if it is a statewide contract. Mr. Swanson replied that it was, with the exception of the Union Health Trust.

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Representative Gara asked how the hiring freeze impacts the Public Defender Agency request for additional support staff.

Ms. Kreitzer replied that every division seeking to hire new employees will have to request a waiver, each of which would be looked at individually. She said she has supported support staff in the Public Defender Agency in the past. Representative Gara wondered if more support staff is needed. Ms. Kreitzer pointed out that more support staff has been added as requested.

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Representative Gara asked what proposals are in place for support staff this year. Ms. Kreitzer maintained that adequate support staff have been included in the FY10 budget. She offered to discuss specific concerns with Representative Gara.

Representative Gara pointed out a lack of adequate Public Defender Agency office space. Ms. Kreitzer reported that the Department has been working on this problem.

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Co-Chair Stoltze asked if Mr. Steiner was online. Ms. Kreitzer said he was not. Co-Chair Stoltze spoke highly of Mr. Steiner and praised the Public Defender Agency. Ms. Kreitzer agreed.

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Co-Chair Hawker asked about the methodology behind the Department's approach to HB 125.

Mr. Swanson addressed the 10-Year Plan. He spoke of areas with expensive capital items, the Office of Public Advocacy (OPA), the Public Defender Agency (PDA) and the Enterprise Technology Services (ETS) agency. He described those areas as being more difficult to control regarding spending due to growth rate being dependent on the level of case loads. Other departments show modest growth. He projected a 6 percent annual increase for OPA and PDA. He discussed how new technology impacts ETS's budget and projected an annual increase of 7 percent in its operating budget.

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Ms. Swanson shared his experience of working on the 10-Year Plan and the recent changes in the economy. He expected that the plan will need to be frequently revisited. It is a snapshot and a work in progress requiring periodic updating.

Co-Chair Hawker asked how the collaboration between the Department and the Office of Management and Budget has been going. Mr. Swanson said OMB has been very helpful.

Co-Chair Hawker noted the difficulty of understanding the acronyms within the Department. Mr. Swanson explained that Non-PBF refers to non-public building fund facilities. Co-Chair Hawker asked that the acronyms be explained in documents in the future.

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Representative Gara asked about the salary review process timeframe. Ms. Kreitzer said that the geographic differential study is the first step. It will be completed by the end of January.

KEVIN BROOKS, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION, reported on the salary surveys and the timeline.

Representative Gara pointed out that some of the salaries were low and wondered if they could be paid out at a higher level. Ms. Kreitzer shared the work done in this area.

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Representative Gara pointed out that Mr. Steiner reported that he could use more support staff. Ms. Kreitzer said she may not have authorized more staff as quickly as some would like.

Representative Gara agreed with Mr. Stoltz's statement on the good job Mr. Steiner has done, as well as the job his predecessor did.

Co-Chair Hawker reminded the Department that the revenue forecast should be taken into consideration when revising the plan. Ms. Kreitzer said that is being considered.

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PAT GALVIN, COMMISSIONER, DEPARTMENT OF REVENUE, spoke of FY09 budget expectations being low, based on the revenue forecast. He described the Department of Revenue's structure. He concluded that, in the short term, the budget is fairly stable and flat. There are a few budget items that merit attention. He pointed out that in the Tax Division, the current information system needs upgrading. He described the impact of the oil tax on the current system. There is a capital budget item for that.

Co-Chair Hawker recalled last year's discussion about the lack of need for a new information system. Commissioner Galvin explained that it became a matter of sustainability of the system.

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GINGER BLAISDELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, reported that in last year's budget a capital appropriation of \$3.9 million was authorized to begin the new tax management system. Three new master auditor positions were funded and filled. There is a request for a fourth auditor in the FY10 budget. There were two contract auditors funded to train the master auditors in oil and gas tax issues.

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Ms. Blaisdell reported that the Treasury Division implemented a new federal cost allocation plan. A few adjustments in the FY10 budget will reflect this change. Commissioner Galvin spoke of an audit which led to improvements and is reflected in the FY10 budget as net zero.

Ms. Blaisdell reported that the PFD Division has moved into their new location in Anchorage. More than 612,000 PFD applications have been submitted to date, with another 10,000 in process. She mentioned the charitable check off program in the PFD.

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Ms. Blaisdell reported on the Child Support Services Division budget. Co-Chair Hawker commented that the Division has the single largest growth factor. Ms. Blaisdell explained that it is actually not a growth factor, but the use of general fund dollars instead of receipt

supported services funds. There are currently not as many people on the public assistance rolls; however, there are child support cases that need attention.

Co-Chair Hawker asked what funds were used for that.

JERRY BURNETT, DEPUTY COMMISSIONER, DIVISION OF TREASURY, DEPARTMENT OF REVENUE, explained how child support collection works. When a person is on a Temporary Assistance to Needy Families (TANF) program, and is due child support, the state gets the child support funds instead of the person. About 47 percent of that, on a state managed TANF case, stays with the state and the rest goes to the federal government as Title 4A funds. Receipt supported services are the state portion of those collections. In addition to a dramatic decrease of TANF child support cases, several years ago the state went to more tribal-managed TANF, which are 100 percent federal funds.

Co-Chair Hawker called it a supplanting problem. Mr. Burnett agreed.

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Ms. Blaisdell pointed out that the Federal Economic Stimulus Package might also have an impact on Child Support Services.

Co-Chair Hawker asked about the resource rebate program with zero funding in it. Commissioner Galvin emphasized that it was a one-year program.

Ms. Blaisdell explained an attempt to put carry forward language into the supplemental bill for appeals related to the resource rebate program. Co-Chair Hawker pointed out that the mechanics would be consistent with the PFD, which the rebate was tagged onto.

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Representative Joule inquired about the effect of the resource rebate program on rural, versus urban, recipients.

Vice-Chair Thomas asked how much of the rebate went back to child support. Mr. Burnett offered to provide the numbers.

Representative Crawford said that last year the wording was changed so that children of incarcerated adults would be eligible for child support. Mr. Burnett informed the Committee that it has not happened yet, but it was included in the budget and should begin this year.

Representative Gara asked how out-of-state foster care deals with the PFD. Mr. Burnett offered to find out.

Representative Gara requested more information about the PFD and out-of-state placement.

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Ms. Blaisdell reported on Administration and Support, which also has a flat budget for FY09 and FY10. The Gas Development Authority is moving along with many contracts. It has a \$5 million capital project request to fund right-of-way and beginning engineering and design. The Mental Health Trust Authority falls under the Department of Administration, and has recently done a presentation before the Committee. Co-Chair Hawker noted upcoming meetings involving the Alaska Housing Finance Authority and the Alaska Permanent Fund Corporation.

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Representative Austerman asked if the new technology system would allow for a timely CORE Report. Commissioner Galvin offered to find out.

Co-Chair Hawker asked about the Treasury Division's response to the recent problem with accessing liquid assets. He asked if there had been any changes in the market recently. Mr. Burnett reviewed the changes in how securities are sold. They were once called inexpensive capital. Currently, it is not certain that the student loan corporation could go to the market and borrow money and make student loans for next year. It may be that the state will need to offer assistance.

Mr. Burnett reported that Alaska Housing also had a problem with their variable rate last summer. They can now access that market. The cost of borrowing money has gone up. The interest rate for a recent sale of bonds by the Mat-Su Borough was close to 6 percent on tax exempt debt.

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Representative Fairclough asked if the Retirement Board would be before the Committee at a future date. Co-Chair Hawker said they were not scheduled. Commissioner Galvin said that could be arranged.

Representative Fairclough asked about retiree pension obligation shortfall numbers in the current market. She wondered if the current shortfall was between \$6 billion and \$10 billion and if the buy down plan was still working.

Mr. Burnett reported that recently the retirement funds have lost value and the unfunded liability has grown. It is possible that there could be an opportunity to take advantage of the lower cost to borrow money.

Co-Chair Hawker reported that there is a retirement fund update coming up next week.

Representative Fairclough wondered how far the state should go into debt to pay down a future potential liability. Commissioner Galvin assured that the situation would be looked at carefully. He described the current market situation and the need to proceed slowly.

Co-Chair Hawker opined that the GO Bonds were in a similar holding pattern. Commissioner Galvin reported that the market is opening up for those. Co-Chair Hawker pointed out that the bonds authorized last year have not been issued. Mr. Burnett suggested it was possible that the full value would not be issued.

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Co-Chair Hawker summarized that the Department had not been compromised in its ability to meet state obligations and the state credit rating has remained solid. Mr. Burnett agreed that the credit rating had not been compromised, there was very good liquidity, there were no cash flow issues, and Alaska still has a great deal of money in the bank.

Co-Chair Hawker asked if the Department was planning to forego all wage increases over the next ten years. Commissioner Galvin replied that was no need to grow the Department and some services would maintain at a flat level.

Commissioner Galvin continued that there is a single pot of federal money that all states draw from. Which states receive money cannot be predicted. He hoped there would be gains in efficiency within the Department.

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Commissioner Galvin said he did not see any additional tax or revenue growth in the budget.

Co-Chair Hawker pointed out that the model shows that the state never runs into a liquidity problem. He wondered if the projections would change if withdrawals from the reserves were made.

Commissioner Galvin thought the Department was going to be dependent on the nature of fiscal choices made. Use of more of the Permanent Fund or implementing a new tax system would have an affect on the budget. The budget forecast does not try to anticipate new policy calls. He stated that the core issue is "what is the fiscal response that we're going to implement".

Co-Chair Hawker looked forward to having that discussion.

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CHRIS CHRISTENSEN, STAFF COUNSEL, ALASKA COURT SYSTEM, introduced his staff. He commented that this was the first department overview before the House Finance Committee in over five years. He pointed out that even though the Judicial Branch of the government is only 1.5 percent of the state's general fund operating budget, more private citizens move through the Alaska Court System than any other government entity. There are 718 permanent, full-time employees. He described the different aspects of the Court System.

Mr. Christensen explained that Alaska's judicial structure is unique in that there is a unified judiciary; there are no county or municipal courts. It is a cheaper and more efficient way to provide a justice system.

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Mr. Christensen related that funding for the Courts comes exclusively from the legislature. The director of the Court System is a constitutional officer. The Court System's budget differs from the executive branch in that it contains no discretionary functions; everything is mandated by law or by the Constitution. The Court System's work is reactive in nature; it does not initiate work. The Court System has no discretion to refuse work and must, by law, meet deadlines.

Mr. Christensen said that there are timeframes in place for civil cases that can cause conflicts in a court with a heavy caseload. Last fiscal year the Court System received 155,000 new cases and resolved almost as many old cases. The case load in FY09 increased by 1.6 percent. He stated that felony filings in FY04-FY08 increased by 30 percent. In Anchorage during that same time period, the felony filing rate increased by 75 percent. This is because more crimes committed are resulting in arrests. Anchorage plans to add 33 police officers by April 2009. Many people convicted are repeat offenders. As long as the state grows, the Court's caseload will grow. Personnel costs make up about 79 percent of the Court System's budget. Attempts to unionize all employees are being made and Mr. Christensen felt that would be more expensive overall.

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Mr. Christensen continued to describe problems within the Court System in Anchorage. It is possible that next year a new Superior Court judge may be requested.

Mr. Christensen brought attention to the fact that the Court System may have a supplemental request for \$390,000 for increased costs relating to utilities and service contracts. Energy cost increases this year have put a strain on the Court System. He said they are always looking for ways to save money.

Mr. Christensen reported that there is currently a 30-day hiring freeze for all employees, which is a problem for the Court System. He said clerical jobs must be filled at all times in order for the work to be accomplished.

Co-Chair Hawker asked if the hiring freeze was the Court System's idea. Mr. Christensen said it was.

Mr. Christensen shared that the Court System has 44 courts. A small court cannot afford to leave one or two positions vacant.

Mr. Christensen discussed highlights of FY09. The Anchorage jury system has been revamped in order to be more efficient. A private sector contractor is being used for jury notification, saving money in jury costs.

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Mr. Christensen mentioned the use of calling cards in offices as an effort to save money. He listed several small, but effective, ways to save money.

Mr. Christensen discussed significant, on-going projects. "No Dark Courtrooms" is an effort to get more staff into the courtrooms. He felt there should be an extra body in the courtroom in order to be sure that court procedures are covered. Co-Chair Hawker asked which budget that appeared in. Mr. Christensen said it was in the operating budget.

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Mr. Christensen reported on the judicial vacancy rate. As the crime rate has increased, more of an effort is being made to fill these vacant judge positions. There is a request for funding of \$639,000 to reduce the vacancy rate to zero.

Mr. Christensen spoke of a request for a judge in Anchorage and in Juneau in the future.

Co-Chair Hawker asked for information about the past request for four court facilities.

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Representative Salmon asked about HB 9 implications. Mr. Christensen reported that there is a large body of data from other states regarding death penalty expenses. There will be a Court System fiscal note when the bill is heard.

Mr. Christensen reported on expanded court facilities. Six new judges were added during the Murkowski administration. Capital money was provided to expand the size of the courthouses in Kenai and in Palmer, which should be up and running soon. Co-Chair Hawker asked if the financing was adequate. Mr. Christensen said some corners were cut.

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Mr. Christensen addressed the Judiciary branch's 10-Year Plan. He noted how difficult it was to develop the Plan. Many factors can affect case load: state of the economy, laws enacted by the legislature, federal mandates, and municipal policies.

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Co-Chair Hawker summarized the process used to establish the 10-Year Plan; status quo, with cost-of-living and population factored in. Mr. Christensen reported that for FY11, the No Dark Courtrooms initiative was factored in, as well as the possible addition of two Superior Court judges, plus a 2.75 percent inflation factor recommended by OMB.

LARRY COHN, EXECUTIVE DIRECTOR, ALASKA JUDICIAL COUNCIL, ALASKA COURT SYSTEM, described the three main areas of responsibility of the Judicial Council. He mentioned the Criminal Justice Working Group, which was funded by the legislature to improve the criminal justice system. He spoke of a goal to implement a system to electronically share discovery materials. Another goal is to identify cost-effective ways to reduce criminal recidivism.

Mr. Cohn focused on one area of the budget - judicial selection. It is cost effective to do the work in a time-efficient way. There have been many judicial vacancies recently and more are expected in the future. There have been more applications for those vacancies due to an increase in salary. The budget has remained the same over the past 20 years, with the exception of adjustments for inflation and a request for six new judgeships. In FY08 a supplemental budget was requested for the first time in more than 20 years. The Judicial Council is seeking an increment to process seven judicial vacancies a year. There are no requests for personal services funds.

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MARLA GREENSTEIN, EXECUTIVE DIRECTOR, ALASKA COURT SYSTEM, reported on judicial conduct and ethics complaints. She spoke of a disciplinary hearing concerning a judge in Bethel resulting in a need for a supplemental request for FY09 for \$33,200. She reported that an operating budget line of \$36,000 is kept to allow hiring of special counsel when needed. That amount was exceeding due to the cost of the disciplinary hearing.

Ms. Greenstein spoke of a minor increment request in personal services for \$3,600. Co-Chair Hawker offered to consider that request.

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Representative Gara asked about Judge Cummings' suspension. Ms. Greenstein explained that the term "suspension" refers to a six-month suspension, not removal. Representative Gara asked if the agency had the power of removal. Ms. Greenstein said they did. Representative Gara thought a permanent suspension was warranted. Ms. Greenstein pointed out that the ruling was public record and she explained how to access it.

Co-Chair Stoltze spoke of the model system for the selection and retention of judges. He wondered why the suspension was not upheld. Ms. Greenstein corrected that their agency is not the bar association. She clarified how a judge is evaluated.

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TALIS COLBERG, ATTORNEY GENERAL, DEPARTMENT OF LAW, introduced members of the Department of Law and described its organization. He explained the breakdown of the Criminal Division and the Civil Division. The 13 sections of the Civil Division are for addressing the needs of the citizens in Alaska.

Co-Chair Hawker thanked Attorney General Colberg for making Mr. Sniffen, an Assistant Attorney General, available last summer for the investigation of gasoline prices.

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Mr. Colberg related the responsibilities of various sections in the Department. Co-Chair Hawker said that the Department of Law is Alaska's largest law firm. Mr. Colberg emphasized that when the agency is broken down into individual cases it can be overwhelmed by large entities in court cases. He opined that when one of the agencies - Public Safety, Public Defenders, Court System - get out of balance, the others are affected. Any incremental change in one department affects the other departments. He gave an example in Dillingham.

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Mr. Colberg continued to highlight sections within the Department. He mentioned the role of the Natural Resource Section and termed the Oil and Gas Section a revenue generator within the Department. Opinions, Ethics, and Appeals are combined and work on projects such as the Kensington Mine appeal. Regulatory and Public Affairs deals with utilities.

Mr. Colberg pointed out in the Criminal Section, the Office of Special Prosecution and Appeals, which has a small, but incredibly successful Cold Case office in Juneau.

Mr. Colberg voiced appreciation for last year's legislation that increased salaries. He described quality of life adjustments such as a new flex time schedule, parking improvements in Anchorage, and a new badge system.

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Co-Chair Hawker noted the small request in the FY10 budget. Mr. Colberg thought it was realistic. He did not want to see decreases in the budgets of agencies that the Department interacts with.

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Co-Chair Hawker asked Mr. Colberg to describe the Department's 10-Year Plan. Mr. Colberg said the Plan assumed a parallel level playing field with other agencies. He discussed the impact of the gasline and how it could relate to the Department's budget. For example, there is an expectation of increased crime similar to the pattern related to the pipeline era. There might be a drop initially in requests regarding oil and gas. Unexpected events may cause a large fiscal impact. The gasline impacts can be projected.

DAVE BLAISDELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LAW, spoke of potential increases in the 10-Year Plan. There is a population growth assumption of 10 percent. Growth is generally found in personal services. There is not currently an inflation factor, but it will be added. There is an overhead projection for each PCN of approximately \$7,200.

Mr. Blaisdell noted that the capital budget was harder to project. There are increasing security issues and changing IT needs.

Co-Chair Hawker asked about physical space needs. Mr. Colberg said that in Palmer the Valley Hospital will be

finished and the Department of Law can move in. Dillingham has no interview facility. Larger offices are in pretty good shape.

Co-Chair Hawker asked about the parking issues in Anchorage. Mr. Colberg replied that most of the problems have been resolved. Co-Chair Hawker thought there might be physical facility issues to consider.

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CRAIG TILLERY, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF LAW, spoke of added space in Anchorage offices. Mr. Colberg highlighted problems in Sitka. Mr. Tillery said Kenai has problems.

MR. RICHARD SVOBODNY, DEPUTY ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF LAW, said that Bethel also has facility issues.

Mr. Colberg commented that there is not much room to make cuts because "cuts means staff" in the Department of Law. He pointed out that the long-range plan presumes an absence of federal funds which will be problematic in the future for the Criminal Division, which is dependent on federal funding.

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Mr. Blaisdell said there was about \$3 million of federal funding in the FY10 budget. Co-Chair Hawker asked if more federal money was available if the Department applied for it.

Mr. Svobodny explained that some of the federal money was one-time, earmarked money. Other funds were through Violence Against Women statutes, which look like they will continue to be funded. In the pending stimulus bill there are funds for law enforcement and prosecution.

Co-Chair Hawker asked for an explanation of the Byrne Grant. Mr. Svobodny replied that the Byrne Grant is a formula funded grant program for all states. The year before last, Alaska received \$600,000 from the grant. Some of the money went to the Department of Law to fund a unit that dealt with alcohol addiction programs. The legislature approves the funds and then a committee decides how it will be spent. Two years ago it was \$600,000 and last year there wasn't any money. There could be \$15 million in the stimulus package.

Co-Chair Hawker asked what the parameters surrounding the funds are. Mr. Svobodny said they are for policing and prosecuting.

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Co-Chair Stoltze explained how Byrne-funded programs affected the Mat-Su area. He welcomed a discussion of any of the Department's issues.

Co-Chair Hawker noted that he has his eye on the stimulus packet. He requested specific information as it becomes available.

Mr. Colberg offered to do so.

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Representative Gara questioned the number of staff needed in-house and how many should be contracted out. He wondered if hiring in-house would result in savings.

Mr. Colberg replied that there were past discussions as to how many lawyers could be hired at Alaskan rates for Oil and Gas litigation. One problem is that costs could change considerably. Another problem is that the Alaska pay scale does not attract the specialists required. On the surface there could be several in-house lawyers at a cheaper price, but the pay scale may not attract the expertise needed. Also, there are different pay scales for different classes of lawyers.

Mr. Colberg summarized that it is a complicated discussion. Representative Gara appreciated how difficult it was, but requested hearing about any recommended cost savings.

ADJOURNMENT

The meeting was adjourned at 4:08 PM.