

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

Anchorage, Alaska
September 5, 2012
10:32 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Mark Neuman (via teleconference)
Representative Kurt Olson
Representative Bill Thomas (via teleconference)
Representative Mike Doogan
Senator Lyman Hoffman
Senator Kevin Meyer (alternate)

MEMBERS ABSENT

Senator Bert Stedman, Vice Chair
Senator Hollis French
Senator Linda Menard
Senator Thomas Wagoner
Representative Scott Kawasaki (alternate)
Representative Bill Stoltze (alternate)

COMMITTEE CALENDAR

APPROVAL OF MINUTES
REVISED PROGRAM - LEGISLATIVE (RPLS)
EXECUTIVE SESSION
RELEASE OF AUDITS
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ROB CARPENTER, Fiscal Analyst
Legislative Fiscal Analysts
Legislative Finance Division
Juneau, Alaska

POSITION STATEMENT: Reviewed RPLs 06-3-0100 and 18-3-0357 that were before the committee.

ALICE EDWARDS, Director

Division of Air Quality
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: During discussion of RPL 18-3-0357, answered questions.

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Juneau, Alaska

POSITION STATEMENT: Discussed the existing and proposed compensatory time policy.

SKIFF LOBAUGH, Manager
Division of Personnel
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: During discussion of the proposed compensatory time policy, answered questions.

PAULYN SWANSON, Staff
Representative Hawker
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During hearing, answered questions.

ACTION NARRATIVE

[10:32:11 AM](#)

CHAIR MIKE HAWKER called the Legislative Budget and Audit Committee meeting to order at 10:32 a.m. Representatives Neuman (via teleconference), Olson, Thomas (via teleconference), Doogan, and Hawker and Senators Hoffman and Meyer (alternate) were present at the call to order.

Approval of Minutes

[10:33:20 AM](#)

CHAIR HAWKER announced that the first order of business would be the approval of the minutes from the June 27, 2012, meeting.

REPRESENTATIVE OLSON moved to approve the minutes from the June 27, 2012, meeting. There being no objection, the minutes were approved.

Revised Program - Legislative (RPLs)

10:33:45 AM

CHAIR HAWKER announced that the next order of business would be consideration of the following RPLs: 06-3-0100 and 18-3-0357.

10:34:03 AM

ROB CARPENTER, Fiscal Analyst, Legislative Fiscal Analysts, Legislative Finance Division, explained that via RPL 06-3-0100 the Department of Health and Social Services requests authorization to expend \$9,540,185 in federal receipts to provide financial incentives to hospitals and other health care providers for adopting, implementing, or upgrading an electronic record technology. This RPL would be in addition to an existing \$36.5 million capital project authorized in the 2011 legislative session. However, due to faster than expected utilization of the program, that expenditure authority is expected to be exhausted soon after the start of the 2013 session. This is a 100 percent federally funded program. Mr. Carpenter stated that the Legislative Audit Division has no technical concerns with RPL 06-3-0100.

10:35:45 AM

MR. CARPENER moved on to RPL 18-3-0357 through which the Department of Environmental Conservation (DEC) is requesting authorization to expend \$467,000 in federal receipts on grants that would allow the Native Village of Shungnak to recover heat from the power plant and use it for other city facilities. He informed the committee that originally, \$592,600 was awarded for the Shungnak project to be used over three fiscal years. However, due to project delays expenditure requirements have accumulated to the current fiscal year, and thereby straining the existing federal authorization. He pointed out that once this project is complete, it will reduce fuel consumption in Shungnak by 9,200 gallons per year, which will provide considerable cost savings to the community. Without approval of this RPL, DEC may be required to return existing unused funding to avoid disruption of the normal air quality programs. Mr. Carpenter stated that the Legislative Finance Division has no technical concerns with RPL 18-3-0357.

10:37:00 AM

REPRESENTATIVE NEUMAN asked whether this funding request will complete the project.

MR. CARPENTER answered that he believes so, but deferred to DEC staff.

[10:37:27 AM](#)

ALICE EDWARDS, Director, Division of Air Quality, Department of Environmental Conservation, confirmed that the funding in RPL 18-3-0357 will complete the project.

[10:37:48 AM](#)

REPRESENTATIVE NEUMAN then inquired as to who has overseen this project and allowed it to be overrun.

MS. EDWARDS responded that the Division of Air Quality has overseen this project. She explained that the sub-award was granted in fiscal year 2011 and there were two sub-awards granted to the Alaska Village Electric Cooperative (AVEC), of which one was for a project in Good News Bay and the other in Shungnak. The Good News Bay project has been completed, whereas the Shungnak project faced some design delays that resulted in the desire to have additional time to complete the implementation and installation of the project.

[10:38:32 AM](#)

REPRESENTATIVE NEUMAN expressed concern that if members in the department don't know what they're doing, perhaps they shouldn't continue to manage the Shungnak project.

[10:38:51 AM](#)

REPRESENTATIVE OLSON moved to approve the following RRLs: RPL 06-3-0100, Department of Health and Social Services, for \$9,540,185 in federal capital receipt authorization; and RPL 18-3-0357, Department of Environmental Conservation, for \$467,000 in federal capital receipt authorization. There being no objection, both RPLs were approved.

Executive Session

[10:39:43 AM](#)

CHAIR HAWKER announced that the committee would now move into executive session to discuss confidential audit requests.

10:39:46 AM

REPRESENTATIVE OLSON made a motion under Uniform Rule 22 to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 10:39 a.m.

[Due to technical difficulties, there is no audio from this point forward. The transcript was reconstructed from the secretary's notes.]

CHAIR HAWKER brought the committee back to order. Upon reconvening Representatives Neuman (via teleconference), Olson, Thomas (via teleconference), Doogan, and Hawker and Senators Hoffman and Meyer (alternate) were present.

Release of Audits

CHAIR HAWKER announced that the next order of business would be the release of audits.

REPRESENTATIVE OLSON moved that the committee release the following confidential audit reports to the appropriate agencies for comment: Board of Governors of the Alaska Bar Association - Sunset Review; Special Education Service Agency - Sunset Review; and Alaska Film Production Incentive Program - Select Performance Issues. There being no objection, the specified audits were released.

REPRESENTATIVE OLSON moved that the committee release the following confidential audit reports to the public: RCA - FY 11 Annual Report; Statewide Suicide Prevention Council - Sunset Review. There being no objection, the specified audits were released to the agencies.

Other Committee Business

CHAIR HAWKER announced that the committee would now discuss the proposed changes to the compensatory time policy for the Legislative Audit Division and the Legislative Finance Division.

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, reviewed the points outlined in her memorandum dated August 30, 2012, including the existing compensatory time policy for the Legislative Audit Division:

Auditors, regardless of rank, may earn up to 150 hours of comp time over a 12 month period (September 1 through August 31) on an hour per hour basis. Once a person reaches the level of In-charge Auditor I, their ability to accrue comp time is limited to weekends and holidays. Once an auditor is promoted to In-charge Auditor II or above, their ability to accrue comp time is limited to holidays only.

MS. CURTIS highlighted that most of the extra hours are worked by staff in the position of In-charge Auditor and above. Therefore, [In-charge Auditors and above] are asked to work more hours without compensatory time, which doesn't encourage staff staying with the division. In fact, she related that there have been auditors that have declined promotions due to this policy.

SKIFF LOBAUGH, Manager, Division of Personnel, Legislative Affairs Agency, stated that compensatory time, in general, has been around for some time.

CHAIR HAWKER highlighted that the recruitment and retention of competent financial professionals is a challenge.

MR. LOBAUGH agreed, and added that compensatory time has been used to compete with other branches of government and the private sector. He noted that the executive branch has a comp-time policy that could [be viewed as a benefit the legislative branch doesn't offer.]

SENATOR HOFFMAN inquired as to the amount of compensatory time there would be and how it would be managed in terms of workload.

MS. CURTIS said that she expects all the upper level staff will remain with the division. The division won't be able to give more leave than it already does, but when staff takes vacation time they will take compensatory time rather than personal leave. She pointed out that although personal leave is cashable and thus is a benefit [for staff], it wouldn't be an addition to the budget.

SENATOR MEYER opined that the legislature under pays its financial staff. He then expressed the need to be uniform in terms of a compensatory time policy throughout all divisions and occupations [in the legislature]. For example, Legislative Legal Services staff works lots of extra hours without compensatory time.

MR. LOBAUGH said he hopes to bring forward to Legislative Council a compensatory time policy [for the legislature] in the future.

CHAIR HAWKER explained that when the Legislative Budget and Audit Committee first considered the changes to the compensatory time policy, the policy addressed all legislative branch services. However, the scope of the Legislative Budget and Audit Committee only includes the Legislative Audit Division and the Legislative Finance Division. The other areas of legislative staff fall under the purview of Legislative Council.

MR. LOBAUGH reiterated that he would hope to have a compensatory time policy for [all legislative staff] as well.

REPRESENTATIVE OLSON moved to authorize the legislative auditor and the legislative fiscal analyst to implement the "Compensatory Time Policy - September 2012" for the Legislative Audit Division and the Legislative Finance Division, effective September 1, 2012, as discussed. There being no objection, it was authorized.

CHAIR HAWKER noted his appreciation for Ms. Curtis' work on this matter.

PAULYN SWANSON, Staff, Representative Hawker, Alaska State Legislature, reviewed the committee meeting schedule, which she offered to forward to all members.

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 11:30 a.m.