

HOUSE FINANCE COMMITTEE
January 30, 2014
1:36 p.m.

[1:36:39 PM](#)

CALL TO ORDER

Co-Chair Austerman called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Doug Wooliver, Deputy Administrative Director, Alaska Court System; Cora Campbell, Commissioner, Department of Fish and Game; Kevin Brooks, Deputy Commissioner, Department of Fish and Game.

SUMMARY

HB 266 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 266 was HEARD and HELD in committee for further consideration.

HB 267 APPROP: MENTAL HEALTH BUDGET

HB 267 was HEARD and HELD in committee for further consideration.

FY 15 BUDGET OVERVIEWS:
ALASKA COURT SYSTEM
DEPARTMENT OF FISH AND GAME

#hb266

#hb267

HOUSE BILL NO. 266

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, and making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund."

HOUSE BILL NO. 267

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program."

[1:36:39 PM](#)

Co-Chair Austerman discussed the schedule for the day. He relayed that questions would be held until after the presentation.

^BUDGET OVERVIEW: ALASKA COURT SYSTEM

[1:36:53 PM](#)

DOUG WOOLIVER, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, introduced his colleague. He provided a PowerPoint presentation titled "Alaska Court System: House Finance Committee Alaska Court System Overview" dated January 30, 2014 (copy on file). He read the department's mission statement on slide 2:

The mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law, expeditiously and with integrity.

Mr. Wooliver relayed that like all organizations, there was significant work done behind the scenes by various divisions including personnel, human resources, facilities, and fiscal; however, the department's sole purpose was to resolve cases. He moved to slide 3 to discuss distinguishing characteristics of the system. He detailed that the court system was almost exclusively funded by state general fund dollars. Additionally, the system was a unified judiciary. There were only a handful of courts around the country that were unified; most states had dozens of county and municipal courts that were all operated independently. He referenced recent testimony by the Department of Corrections Commissioner Joseph Schmidt that there were only about six unified correctional departments. He explained that a unified system provided efficiencies within the Alaska Court System and for everyone else.

Mr. Wooliver moved to slide 4 related to the department's 800 employees in 44 communities throughout the state:

- About 800 Permanent (GF-Funded)
- Primarily Clerical Employees
- Five Supreme Court Justices
- Three Court of Appeal Judges
- 42 Superior Court Judges
- 23 District Court Judges
- 51 Magistrate Judges

Mr. Wooliver elaborated that the judge positions were both full and part-time; some employees were attorneys and others were not.

[1:39:58 PM](#)

Mr. Wooliver moved to slide 5 and discussed factors impacting workload. The majority of the workload related to caseloads, which were impacted by population, police, economy, and other. He noted that there was not a direct correlation between population and caseload, but over time and in general, cases increased with population growth. He communicated that growth in law enforcement efforts could increase caseloads. For example, if the Municipality of Anchorage received a grant for new police officers, as long

as there were prosecutors to bring additional cases an increased number of cases would be brought to court. Other factors such as economy could impact caseloads. For example, during a booming economy with many people working there tended to be fewer problems with crime than when there was high unemployment. He remarked that caseloads and workloads were not always synonymous.

Mr. Wooliver turned to slide 6 and addressed caseloads. There had been an increase in cases in the past year due to an increase in felony cases and Child in Need of Aid (CINA) cases. Simultaneously there had been a decrease in district court caseloads, which had been surprising. He detailed that minor offenses (generally traffic cases) were down in the past year. He elaborated that the Anchorage Police Department had a backlog of written tickets that had not been transmitted to the court; therefore, there had been a large decrease in minor offences in the last part of the year; as the tickets were submitted, a large uptick in offences had begun to occur. He pointed out that approximately 60 percent of all cases originated in Southcentral (Anchorage, Palmer, and Kenai Courts) where most of the state's population resided. He suspected the number would increase in the future as more and more of the department's workload was concentrated in the area.

Mr. Wooliver relayed that trial rates were a good example of how caseload differed from workload (slide 7). He detailed that there could be the same number of cases filed every year, but when more cases went to trial the workload increased significantly. He communicated that over the past few years there had been a steady increase in the number of cases going to trial; fewer people were pleading guilty. He elaborated that the increase impacted prosecutors, defense attorneys, and the court. One of the areas that was most significantly fiscally impacted was jury trial costs. He shared that most of the time if a person plead guilty (the vast majority of all criminal cases were resolved by a guilty plea through an agreement with the prosecutor) to a case the case could not be appealed. He noted that there were some exceptions, but the appeal rate for the exceptions was miniscule. An increase in trial rate almost always coincided with an increase in cases filed with the court of appeals. He stated that if the second half of FY 14 looked like the first half of the fiscal year, the numbers would show a 50 percent increase in cases filed with the court of appeals since 2011. He summarized that

caseload was one measure of workload, but trial rates were another; even if cases stayed the same, more effort may be spent.

[1:44:54 PM](#)

Mr. Wooliver moved to a graph on slide 8 that showed the increase in trial rates. Slide 9 included a pie chart depicting FY 14 state fund sources; the department represented 1.4 percent of the overall state budget. Slide 10 included a pie chart showing how the agency's budget was broken down. The bulk of department costs were associated with trial courts [79 percent]. Additionally, there were costs associated with administration, appeals, and appellate and therapeutic courts. Slide 11 showed an alternative way to breakdown the department's funding; personal services accounted for 76 percent; services accounted for 19 percent and included leases, contracts, software, and jury fees; supplies and commodities accounted for 2.8 percent and included paper, computers, printers, and other basic office supplies; slightly over 1 percent went to department travel for juries and travel within the state for judges covering cases in different communities.

[1:46:59 PM](#)

Mr. Wooliver addressed increments funded in FY 14 on slide 12. The legislature had provided funding for bandwidth to increase network transmission speeds, therapeutic courts, normal lease cost increases, software support, and accommodation for a judge in Bethel. The current FY 15 budget request included basic utilities, contractual services; and leases, maintenance, and items related to increased cost of doing business (slide 13). The request also included funds for increased bandwidth and expanded security in several superior court locations with one judge. He would provide additional information about bandwidth during the subcommittee meeting.

Co-Chair Stoltze remarked that other agencies were not as conversant with their needs. He stated that there needed to be a greater communication if the budget process was going to be holistic. He mentioned other entities such as the Department of Public Safety (DPS), the Department of Law (DOL), the Alaska Court System, the Department of Corrections (DOC), and the Office of Public Advocacy (OPA) under the Department of Administration (DOA).

1:49:19 PM

Mr. Wooliver continued to address slide 13. The department had recently become responsible for paying for court visitors in conservatorship cases. He expounded that a conservator was appointed by a court primarily when a person was unable to handle their personal finances due to age or disability. As part of the process the court appoints a court visitor to investigate the case and determine that a conservator was needed. He explained that for many years OPA had provided a court visitor; however, the agency determined that it was not statutorily required to provide the court visitor and was no longer accepting the appointments. Due to a need, the court continued to appoint court visitors; therefore, the court system had to take over the responsibility. The change had occurred in August of 2013; when the department submitted its budget request in November the cost had been estimated at \$107,000 per year. In recent months the department had revised the figure to \$60,000 per year.

Mr. Wooliver shared that in July DOL had changed its plea bargaining practices with respect to a variety of different criminal case types. He explained that plea agreements included the crime a person pled guilty to and the sentence that would be given. The department was no longer negotiating sentence pleas in a variety of cases including unclassified and Class A felonies and domestic violence and sexual assault cases. He explained that typically a change of this type would increase trial rates because one of the incentives to plead to a case had been removed; therefore, generally a plea was less likely. The department did not know with certainty that an increase would occur, but it had accounted for one in its budget; the \$200,000 request which was essentially a placeholder for the potential increase and additional jury costs. The department would continue to look at the issue closely to determine whether the funds would be needed.

1:53:30 PM

Mr. Wooliver directed attention to slide 14 that included additional FY 15 funding requests. The slide included computer replacement funding; the additional increment would enable the department to have a five-year replacement cycle for computers. Also included on slide 14 was funding

for interpreter and translation services; the court was required by federal law to provide foreign language interpreters in court proceedings. He relayed that the need for interpreters had continued to rise; the department had \$60,000 in its base funding, but based on recent growth it anticipated the figure would rise to at least \$85,000 in the coming year. The last increment was for interagency receipt authority totaling \$60,000 for OPA and the Public Defender Agency. He elaborated that the public defender, DOL, and OPA received transcripts from the court system for their appeals; the court system received the transcripts from private contractors at a good rate. The \$60,000 increase reflected what the department was actually paying for transcripts.

Mr. Wooliver provided information on funding changes from FY 06 to FY 15 on slide 15. A large portion of the department's budget growth was associated with personnel costs including salary and benefit increases, new judges (8 superior court and 3 district court), and 33 clerical staff as part of the and No Dark Courtrooms initiative (the department was no longer requesting new personnel in the areas). He moved to slide 16 showing additional increases since FY 06 that included inflationary costs related to leases, public building fund participation, utilities, maintenance, software support, and therapeutic courts.

Mr. Wooliver discussed a graph on slide 17 showing a line item comparison between FY 06 and FY 15; the green bars represented personal services. The graph on slide 18 illustrated the department's share of total agency operations funded by general fund dollars; the department had remained between 2 percent and just over 2.2 percent. He detailed that 10 years earlier the department had accounted for 2.03 percent and currently it represented 2.21 percent. Slide 19 illustrated that general funds made up approximately 97 percent of the department's budget. He looked at slide 20 showing projections for FY 16 and beyond. The largest project the department had planned in the near future was an electronic document management (e-filing) system. The system would impact all justice agencies; it would allow for electronic filing and distribution and management of all court records. The system would have many benefits, but would be expensive to build; it would allow for future savings, including fewer staff needs, faster transmission of information between justice agencies, improved case processing efficiency, and

error reduction. He stressed the benefits of the system and relayed that it was currently the department's top priority.

Mr. Wooliver moved to slide 21 that showed continued priorities for FY 16 and beyond. He discussed the potential need for more judges in various communities. He relayed that courts in Juneau, Bethel, Palmer were very busy; if caseloads were to increase in the upcoming 10 years the department would most likely request new judges.

[1:59:32 PM](#)

Mr. Wooliver looked at slide 22 showing a continuation of FY 16 and beyond. Over the upcoming three years the department wanted to make improvements in rural courts and in Palmer. He added that growth in the Palmer area was likely to increase growth in the court facility. Additionally, he believed the department would make a future request for increased bandwidth as technology became a larger component in operations.

Mr. Wooliver turned to slide 23 and addressed where the department would be if it continued on its recent growth trajectory (represented in green). The black line indicated where the department hoped to be in relation to growth. He reiterated his earlier testimony that one of the biggest drivers of the department's past cost increase related to additional personnel; the department did not anticipate needing more personnel in the future. The black line reflected initiatives planned by the department, which he hoped would considerably flatten out budgetary needs. He noted that slide 24 pertaining to all funds looked similar to slide 23 due to the department's reliance primarily on general funds.

[2:01:14 PM](#)

Co-Chair Austerman pointed to slides 6 and 7 and asked for clarity. He wondered how district court caseloads could be down 10 percent, but district court trials were up 47 percent. He observed that felony cases were up 6 percent. Mr. Wooliver explained that district court numbers were down due to a decrease in traffic crime filings, which did not go to trial; however, a larger percentage of cases were going to trial at the misdemeanor level. He elaborated that district court misdemeanors were not increasing

substantially, but a higher percentage of the cases were going to trial.

Representative Edgmon asked if there was a correlation with plea bargain arrangements discussed earlier. Mr. Wooliver replied that the department was working to determine the answer. He detailed that the new plea policy had only been in effect for a few months and many felony cases took a few months to move forward; therefore, the data was undetermined at present. The department anticipated an increased number of trials as a result, but it did not have a number at the time.

Representative Wilson discussed the impact jury duty had on teachers during the school year; when teachers were out of a classroom in court it took time away from the students and teaching. She wondered about a possible exemption for teachers during the school year especially in rural areas where substitutes were not available.

Mr. Wooliver believed that a provision in statute allowed teachers to be excused from jury duty. He would follow up with confirmation. He acknowledged that jury duty was a huge burden particularly in rural Alaska. He communicated that jury burnout was a significant problem particularly in the Bethel area where potential jurors served for one-month periods. He explained that in some parts of the state individuals were on jury duty for a year. He relayed that the chief justice had recently appointed a committee of judges and jury clerks to determine better ways to manage juries because as the trial rate went up the burden on jurors increased.

[2:05:23 PM](#)

Representative Wilson asked about driving under the influence (DUI) offences. She wondered why a person trying to get their license back had to go through a process with Division of Motor Vehicles (DMV) in addition to the court system.

Mr. Wooliver replied that there was an administrative revocation that DMV issued as well as a criminal case that could be brought; the two issues were separate. He believed DOL could provide a better answer. He would follow up.

Representative Wilson restated her prior question. She asked if the increase in felony and CINA cases was due to recent laws or other. Mr. Wooliver did not know the reason. He replied that there were many theories about the reason for the increase. He explained that it was more complicated than it seemed to figure out which cases were going to trial, which were not, or other.

Representative Wilson noted that it was difficult to fix an issue if the data behind the problem was not known.

Representative Gara heard from lawyers that as sentences had increased for many crimes, people were more likely to go to trial because stakes were higher. He wondered if there was evidence to back up the claim. Mr. Wooliver answered that an increase in sentences was likely to increase trial rates because there was more at stake. However, he did not know whether increased penalties (particularly for sex offences where penalties were increased significantly) had resulted in more trials. From the department's perspective it was interesting to know, but he observed that from the legislature's perspective it mattered greatly whether statutory changes had led to the increase. The department continuing to look at the trial rate data. He added that increased trial rates meant increased appeal rates. The department hoped to narrow the options that could be resulting in increased trial rates.

Representative Gara believed Representative Wilson's question related to DUI cases was important. He explained that courts imposed sentences and license revocations for DUIs, but DMV had a lower evidence threshold; therefore, DMV often took away a person's license without a conviction and could suspend a person's license longer than the court system did. He continued that the situation caused people to have trouble getting to work. He wanted to discuss the issue further with DMV.

Vice-Chair Neuman discussed his prior work in 2005/2006 on the passage of Jessica's law that doubled the amount of mandatory sentencing for sexual abuse offenders (especially for crimes involving child victims). He added that the prior year the governor had passed legislation with his Choose Respect campaign that further increased mandatory time for sexual abuse offences. He referred to substantial fiscal notes tied to the laws that were supposed to help for increased costs; however, he observed that the

department was requesting additional funds due to increased costs for sentencing in the courts. He wondered why the department was asking for more money.

Mr. Wooliver would follow up on the issue.

Vice-Chair Neuman asked about the court's current drug offence caseload. Mr. Wooliver stated that he had heard from judges that most crimes were associated with substance abuse in some way (e.g. assault and theft crimes). He explained that the department's database did not track whether a theft crime was related to drugs.

Vice-Chair Neuman remarked that he would continue to work with the department on reducing drug cases. He remarked that the issue effected the state's entire budget.

[2:13:11 PM](#)

^BUDGET OVERVIEW: DEPARTMENT OF FISH AND GAME

[2:13:20 PM](#)

CORA CAMPBELL, COMMISSIONER, DEPARTMENT OF FISH AND GAME (DFG), introduced staff. She provided a PowerPoint presentation titled "Alaska Department of Fish and Game House Finance Committee Overview" (copy on file). Slide 2 included the department's mission statement and relevant statutory references. Slide 3 listed the department's core services including management, stock assessment and research, and customer service and public involvement. She relayed that the department's activities and expenditures were all tied to the core services. An organizational chart showing the department's six divisions, one section, and two independent agencies was included on slide 4. Slide 5 included a map of the department's permanent geographical locations.

Commissioner Campbell relayed that upcoming slides provided an overview of each division and its relative size. She turned to slide 6 related to the DFG Commissioner's Office that accounted for 1 percent of the department's budget. The Division of Commercial Fisheries was responsible for management of commercial, subsistence, and marine water personal-use fisheries; the division accounted for approximately 34 percent of the total DFG budget (slide 7). She pointed to a graph on slide 8 showing the "exvessel"

value of commercial harvests and mariculture production in Alaska; the total value had been well over the target of \$1 billion for a number of years. She noted that the graph had not yet been expanded to include 2013 values. She detailed that 2013 would have a near record harvest value for both salmon and shell fish, powered primarily by the record pink salmon harvest in several areas of the state in the past year.

[2:16:45 PM](#)

Commissioner Campbell discussed the Division of Sport Fish on slide 9. The division was responsible for managing sport and several personal-use fisheries; it accounted for approximately 23 percent of the department's operating budget. One of the metrics used to evaluate the division pertained to the sales of fishing licenses; post 2008 there had been a measurable drop in sales of non-resident licenses (slide 10). The department had been tracking the licenses, which had a slight rebound in sales in 2013; the DFG goal was to increase license sales back to 2008 levels.

Commissioner Campbell addressed the Division of Wildlife Conservation on slide 11. The division accounted for 22 percent of the department's budget and was responsible for managing general and subsistence hunting and trapping opportunities. Slide 12 included a graph depicting the sales of hunting and trapping licenses from 2008 to 2013; sales of these licenses had remained steadier. She explained that resident license sales far outweighed nonresident sales. She added that non-resident licenses were also an important component.

Commissioner Campbell highlighted the Division of Subsistence on slide 13. The division accounted for 4 percent of the department's budget; it was responsible for research including the collection of information on customary and traditional use of fish and wildlife resources. Performance measurement looked at how many of the department's management plans had incorporated subsistence information (slide 14). She turned to the Division of Habitat that accounted for 3 percent of the department's operating budget. The division was responsible for issuing permits for activities in fish-bearing, anadromous, and special area waters; over 4,000 permits had been issued in 2013. Slide 16 illustrated the number of permit holders in compliance with permit conditions

designed to protect fish wildlife. The division's target was 100 percent compliance; the figure had been 99.78 percent in 2013. The Administrative Services Division accounted for 6 percent of the operating budget. The Boards Support Section accounted for 1 percent of the department's operating budget and provided logistical support to the regulatory processes of the Board of Fish and Board of Game. She detailed that in FY 13 there had been 49 regulatory meeting days between the two boards; the two boards had considered over 400 proposals for regulatory change.

[2:20:42 PM](#)

Commissioner Campbell looked at slide 19 related to the Commercial Fisheries Entry Commission and the Exxon Valdez Oil Spill Trustee Council; the agencies accounted for approximately 2 percent and 1 percent of the DFG operating budget respectively.

Commissioner Campbell addressed slide 20 that showed the FY 15 budget by division and fund source. The pie chart on the left illustrated that the bulk of the department's operating funds went to its three large management divisions. The chart on the right showed the budget by funding source; the most important funding sources were general and federal funds and the Fish and Game Fund. She elaborated that the federal funding component was made up of a number of discrete funding sources including federal excise taxes. She expounded that the excise taxes included Pittman-Robertson funds that came from taxes on sales of firearms and ammunition, which funded the Division of Wildlife Conservation and from Dingell-Johnson funds that came from the sales of fishing tackle and boat motors, which funded the Division of Sport Fish. She relayed that in the past couple of years Pittman-Robertson funds had increased due to national political events that had sparked an increase in the purchase of guns and ammunition, whereas, Dingell-Johnson funds had decreased. Other federal funds were received through the Department of Commerce, Community and Economic Development (DCCED) for fisheries management functions and marine mammal research. She summarized that the federal funds and Fish and Game funds made up a significant portion of the budget for the Division of Wildlife Conservation and the Division of Sport Fish. The primary funds came from a user-pay system.

[2:23:36 PM](#)

Commissioner Campbell pointed to slide 21 showing that the bulk of the department's staff worked in the three larger management divisions. The department had a total of 1,683 positions; 930 were full-time. She noted that many of the department's staff were seasonal fieldwork employees. She turned to a Legislative Finance Division graph on slide 22 that provided a 10-year look at the department's budget compared to all other state agencies. She relayed that DFG had been fairly consistent at 1.7 percent over the past seven or so years; the figure had increased to 1.8 percent in FY 14. The graph on slide 23 showed the percent of the total department's budget by fund group. Unrestricted general funds were illustrated in purple and designated general funds were shown in maroon. The portion of the department's budget made up of federal funds had declined over the past 10 years; whereas general funds had increased.

Commissioner Campbell turned to slide 24 showed a pie chart representing the approximate growth from FY 05 to FY 15. The graph helped explain where some of the general fund increases had originated and where they were headed; 50 percent of the growth was due to contractual salary increases, 34 percent was due to requests for increases in the governor's budget, and the remaining 16 percent were legislative additions or reductions. Slides 25 and 26 were from the Legislative Finance Division and looked at continued budget growth compared to the 10-year plan. Slide 25 pertained to general funds; the green line represented the current rate of annual growth of 7.6 percent compared to the black line representing the department's 10-year plan. She believed it was unlikely the department would continue to see annual growth of 7.6 percent. She noted that the growth had already begun to level out. Slide 26 pertained to all funds and showed a closer correlation between current growth and the department's annual management plan.

[2:27:24 PM](#)

Commissioner Campbell turned to slide 27 to discuss major accomplishments in 2013:

- Intensive management and habitat enhancement

- Subsistence harvest surveys
- Near-record value salmon and shellfish harvests
- Operational planning and joint biometrics
- Sport fish hatchery production
- Advisory committee training and support
- New research projects initiated

Commissioner Campbell expounded that significant success had been shown with the department's intensive management and habitat enhancement that had produced high numbers of moose in Unit 20; it had obtained objectives for moose in management unit 13 and for the 40-mile caribou herd. The department was pleased with intensive management results where DFG had access to state lands and the necessary resources. She added that the department was working towards additional habitat improvements. She communicated that substantial work had been done on subsistence harvest surveys, particularly in communities located on the path of a future gas pipeline. Additionally, salmon and shell fish harvests had seen a near-record year in 2013. The department had implemented a joint operational planning process between the two fish divisions and biometrics shop, which would ensure that research projects had an approved operational plan. The plan would ensure that funds were spent in the most scientifically sound manner and that the desired research results were achieved.

Commissioner Campbell was pleased with the way sport fish hatcheries were producing; releases from 2004 had been surpassed in numbers and quality (2004 represented a benchmark the department was aiming to return to). Brood stock had been collected in 2013 to increase the Chinook releases in Southcentral; the department was on track to release more than 1 million smolt, which represented a large increase. Additionally, significant improvement had been seen in the size and condition of fish released from the state hatcheries. Per request, the department had been providing training to committees responsible for advising the Boards of Fish and Game; a training session had been held at a joint board meeting and training materials had been provided to the committees. She added that a number of new research projects had been initiated with funding from the latest budget.

[2:30:46 PM](#)

Commissioner Campbell addressed issues and challenges for the department on slide 28. She addressed challenges with Chinook salmon abundance and productivity; it had been a challenge for residents who relied on the salmon, which had been in a period of low abundance. Subsequently, necessary restrictions had caused severe hardships. She planned to discuss projects DFG had initiated in order to address the problem. She pointed to continued challenges to state sovereign authority to manage wildlife; there continued to be endangered species act listings and proposals that caused the department great concern. She noted that the department was involved in lawsuits when necessary and had seen some encouraging victories. The department was also involved in conducting research and collecting information for species that would allow DFG to weigh in to prevent a potential listing. She stated that the DFG was working on delisting species that had recovered. She relayed that delisting had not been a strength of the Endangered Species Act. The state had been successful in delisting the eastern stock of stellar sea lions and was working on a petition for the humpback whale. She spoke to preserving fishing and economic opportunities; it had been working to locate areas where a significant investment of state resources would provide a large opportunity payoff for Alaskans. Tighter budgets made the area increasingly challenging.

[2:33:03 PM](#)

Commissioner Campbell continued with slide 28: "Issues and Challenges." She mentioned that Fish and Game Fund revenues that accounted for 11 percent of the DFG budget, had been flat. She noted that DFG tracked license sales in many ways and multiple factors drove the sales (e.g. national economy and opportunities provided for hunting and fishing). She added that several programs saw declining federal funds such as Dingell-Johnson funds and funds received from DCCED for the Commercial Fisheries Division including the implementation of the Pacific Salmon Treaty and delegated authority for management of the Bering Sea/Aleutian Islands crab fisheries. She pointed out that the department had seen an increase in federal Pittman-Robertson funds from the environmental conservation department; however, the funds required state matching funds.

Commissioner Campbell discussed slide 29: "Highlights in Operating Budget for FY 2015." The department was requesting an increase in federal receipt authority of \$1

million to access some of the increased Pittman-Robertson funds. She detailed that access to the funds would enable the department to maintain a wide range of wildlife resource projects statewide. She communicated that DFG had eliminated 36 vacant positions and associated funding; the slide detailed the fund impact on general and federal sources. She discussed the importance of maintaining sufficient positions to implement Chinook initiative research.

[2:36:28 PM](#)

Commissioner Campbell continued with slide 30: "FY 2015 Capital Projects Requests." She addressed a \$10 million increment for the Chinook Salmon Initiative's second year. She pointed to a couple of requests pertaining to wildlife that leveraged available federal funds. She relayed that the division had some prior year capital projects that would expire; DFG wanted to have the ability to continue intensive management work that had been successful, but would need resources to do so. She noted that there was a 50/50 match for intensive management programs due to constraints on what the federal funds could be spent on. The department wanted to continue work on habitat enhancement programs it had started in partnership with some landowners to increase habitat.

Commissioner Campbell discussed the Chinook Salmon Research Initiative on slide 31. The request represented the second component of a five year \$30 million proposal. The department had received the first funds on July 1, 2013. She detailed that there were 12 indicator stocks from the Yukon to Southeast Alaska. The 2014 projects included adult and juvenile abundance, subsistence harvests, genetics, coded wire tagging, and other. She pointed to a web address included on the DFG webpage that showed a summary of each river system project.

[2:39:44 PM](#)

Co-Chair Austerman referred to slide 20 that showed the department's budget by division and fund source. He had received several requests for information related to money the regional aquaculture association in Kodiak gave to DFG to do work for it. He wondered where the component showed up in the department's funding structure.

KEVIN BROOKS, DEPUTY COMMISSIONER, DEPARTMENT OF FISH AND GAME, replied that the cost would fall under the department's general fund program receipts (shown in green on the right hand side of slide 20); the total was approximately \$1.6 million in program receipts. He added that the other component was statutory designated program receipts in the amount of \$7.6 million (shown in light blue).

Co-Chair Austerman asked for verification that the item could be located in the budget. Mr. Brooks replied in the affirmative.

Co-Chair Austerman asked how many other areas around the state had nongovernmental entities giving the department money to do work. Mr. Brooks replied that the department had a number of agreements with non-governmental and governmental agencies where the entities worked collaboratively. For example, sometimes the department paid an entity to run a weir or for other work. Revenue collected by the department appeared in designated general funds; expenditures showed up as contractual expenditures.

Co-Chair Austerman asked for a list of the entities that provided the funds in the past. Mr. Brooks replied in the affirmative.

Co-Chair Stoltze spoke to changes in policy, the ability for Alaskan residents to access halibut, and continuing issues with Chinook salmon. He asked how bad the situation would get related to licenses as fishing opportunities diminished. He wondered if licenses would continue to decrease.

Commissioner Campbell replied that it was difficult to predict. She referred to a definite decline in king salmon license sales, which was clearly related to opportunity. She believed an increased number of people thought it may not be worth purchasing a king salmon license. However, resident license sales had been fairly steady over time; she believed the sales were indicative of a good value. Non-resident license sales correlated with national economic and visitor trends. She believed some element was tied to the perception of opportunity as well. The department had talked with other state agencies about improving information provided to visitors about available opportunities. She relayed that there continued to be many

great sport fishing opportunities in the state. She discussed that during the past summer when king salmon restrictions had been in place the department had been liberalizing sockeye sport fisheries in many areas.

2:45:16 PM

Co-Chair Stoltze discussed 15 percent vendor commissions on license sales. He spoke to a \$9 debt service vehicle for fish hatcheries. He reasoned that the commission cost for a combination of hunting, fishing, trapping for in-state residents would be \$9.30 and out-of-state would be approximately \$25. He believed the commission was generous. He spoke to merchant sales taxes. He opined that there was an incentive to vendors for selling licenses for the state. He wondered if the cost needed to be paid. He intended to pursue the issue with Department of Revenue Commissioner Angela Rodell as well. He wondered if there could be a cap per vendor.

Commissioner Campbell agreed that vendors received a significant benefit. She believed there may have been some misinformation provided to the committee earlier in the day. She noted that Mr. Brooks would speak to the commissions.

Mr. Brooks relayed that there was a different commission schedule for commercial, crew, and sport licenses. On the sports side the charge was 5 percent plus \$1 per item sold; a vendor retained the 5 percent commission, remitted 95 percent to the state, and quarterly the state paid vendors \$1 per item sold in accordance with statute. The department sold approximately 25,000 commercial crew licenses and approximately 600,000 to 700,000 recreational sport hunting and fishing licenses. He agreed that vendors would receive a significant boost at a 15 percent level; at the 5 percent level, the vendors made their money based on items sold off their shelves. He communicated that the vendors provided the state and the public with a service by selling the licenses. He did not believe the vendors were "making bank" off of the 5 percent.

Co-Chair Stoltze noted that state employees had provided different information earlier in the day. Mr. Brooks apologized for the misinformation.

Co-Chair Stoltze continued to discuss fees. He did not want to make private vendors do an exorbitant amount of work. However, part of the commission was a user fee and the other part equated to a tax on the fish hatcheries. He felt less concerned by the 5 percent than when he had been told the number was 50 percent. He had less sympathy for large box stores compared to small independent shops related to the issue. He discussed that dealing with government from the perspective of a small business was cumbersome. He appreciated the clarification [on the 5 percent commission].

[2:51:43 PM](#)

Mr. Brooks responded that there were over 1,000 license vendors statewide; the largest vendor was the state's online store. He relayed that there was no commission on sales on the website. He discussed the convenience of the online store.

Representative Holmes referred to a problem she had experienced related to the distribution of king salmon stamps in the current year. She wondered if the incident was isolated. Mr. Brooks replied that the incident was isolated; there had been no problem with supplies and distribution. He offered to follow up with the specific vendor.

Representative Guttenberg asked about the status of the state's treaty with Canada over king salmon. He believed it seemed the status may change because Canadians felt the situation was dire.

Commissioner Campbell surmised that he referring to the treaty related to the Yukon River. Representative Guttenberg replied in the affirmative. Commissioner Campbell replied that DFG had heard significant dissatisfaction from individuals on the Canadian side of the border that for multiple years the border passage objective had not been met. She detailed that the border passage objective was a negotiated number between the two countries. She believed there was substantial misunderstanding on the Canadian side of the border about restrictions on the US side. She did not believe Canadians were fully informed about the extent to which Alaskan fisheries had been restricted in an attempt to pass fish across the border and meet the border passage goal.

Additionally, she did not believe Canadians were aware of the magnitude of subsistence restrictions in the current year. The department had spent time the past fall talking with Canada about what management actions in Alaskan fisheries had looked like. She communicated that Canadians remained upset about the status of king salmon stocks, as were users in Alaska. She communicated that the harvest was roughly half the size it had been a decade earlier. She added that the run did not provide harvest opportunity for either side of the border. She did not know that the treaty status would change; however, there would continue to be ongoing discussions between Alaska and Canada about harvest sharing and management actions.

[2:56:15 PM](#)

Representative Guttenberg believed communities along the Yukon River were attentive and cooperative to the reports, restrictions, openings, and closings; however, sometimes they challenged assumptions made by DFG. He stated that Yukoners were very frustrated; he did not know if the frustration was justified or not. He noted that there had been some challenges related to the state's handling of the harvesting. He recalled when former Representative Bud Fate had a large commercial operation on the Yukon; the commercial opportunity no longer existed in the area.

Commissioner Campbell agreed. She elaborated that the lower Yukon had relied on a commercial fishery for Chinook salmon in the past, which was no longer available. Additionally, subsistence fishing was no longer available. She relayed that some innovations in the past summer had allowed chum salmon fishing with dip nets. She acknowledged that a great deal of concern existed, which she believed was justified.

Representative Gara believed fishing was crucial to the state. He spoke to the importance of protecting the state's abundance of fish in order to prevent disputes between various types of fisheries. He pointed to slide 29 and noted that historically the state had been losing biologists who worked to protect the state's fisheries because federal positions paid an extra 25 percent cost of living adjustment (COLA) that the state could not match. He wondered if any of the eliminated positions were biologists.

Commissioner Campbell replied that all of the eliminated positions had been vacant for quite some time. She did not currently have the description detail on the eliminated positions. There had been some vacant fish and wildlife technician positions on the elimination list.

Representative Gara understood that the department had not laid the employees off. He believed some of the positions were empty because the federal government paid higher wages. He was concerned about losing more biologists. He reiterated his question about how many biologist positions had been eliminated.

Commissioner Campbell would follow up with the detail.

[3:01:09 PM](#)

Representative Gara remarked that he had received a multitude of emails over the year related to the Kenai River dip net fishery. He understood that the issue was volatile between various groups. He believed the department aimed for an 800,000 sockeye escapement; however, the river could handle much more. He noted that 1.3 million fish had returned in the current year, which was positive. He was concerned that if DFG aimed at a number that was too low the fish were caught before they reached the river, which prevented dip net fisherpersons from catching any. He had heard many stories about people who did not catch anything dip netting in the current year. He wondered if DFG had influence over the issue.

Commissioner Campbell did not believe it was accurate to say that the department was shooting for 800,000. She expounded that due to user dissatisfaction DFG had taken a look at the fishery in the current year. She detailed that it was possible to track sockeye numbers compared to the past several years. She explained in the past several years sockeye entering the river had coincided with weekend days; however, that had not been the case in 2013. Subsequently, people had not been present at the time the fish had poured into the river. She expounded that the low catch related to timing and was not caused by a lack of abundance. The 2013 harvest had been around 350,000 fish, which was low compared to prior years. The reason was not related to aiming at a number that was too low. She communicated that it was not possible to have complete control over all of the things that influence how fish enter the river. She

believed the Board of Fish would talk about management measures for the fishery at its upcoming meeting.

3:05:19 PM

Representative Gara remarked that there were individuals who did not have the luxury of owning an expensive boat to fish on. He hoped the department would look at options that were fair to all user groups. He remarked that individuals fishing from shore were not successful on days where there was a commercial opening. He did not know why hostility existed between user groups, but wondered if DFG had any control over the boat speed in the area in order to reduce wake in areas where people were fishing from shore.

Commissioner Campbell replied that the issue would most likely fall under the purview of the Department of Public Safety (DPS).

Co-Chair Stoltze remarked that DPS and the Department of Natural Resources (DNR) had jurisdiction over state boating laws.

Representative Gara noted he would speak to DNR about the issue.

Co-Chair Stoltze discussed the issue further. He told a story related to fishing tensions in the area.

Representative Gara agreed that the issue was obnoxious and offensive.

Co-Chair Stoltze interjected that the situation was also life-dangerous.

Representative Gara continued that people without boats or set net licenses only had the opportunity to fish from shore. He stated that it was not funny when individuals were forced to spend one quarter of their time out of the water because they were swamped by boats. He understood the department did not have jurisdiction over boat wakes; however, he requested that DFG work with the commissioner of DNR to address the problem. He stated that a limited fish supply combined with mistreatment by boat users was not right.

Co-Chair Stoltze noted that the committee would also address commercial enforcement actions with DPS. He could not believe that there were zero offences. He referred to a constant demand to have troopers check every person. He spoke to the importance of user compliance.

[3:09:49 PM](#)

Representative Edgmon addressed cost recovery. He spoke to fisheries in Bristol Bay and Southeast that were faced with "fishing" for some of their budget. He spoke to a situation that occurred during a prior year Senate Finance Subcommittee. He wondered if the situation arose at the behest of the department.

Commissioner Campbell replied that DFG had been working for several years to get away from test fishing or revenue fishing. She elaborated that DFG conducted test fishing when working to learn something about abundance or what it could set a quota at. She detailed that DFG had been trying to get away from harvesting fish that could otherwise be harvested by a user-group to fund the operations of the department; the decision had been made in subcommittee. She added that neither the governor nor the department had made the request.

Representative Edgmon relayed that he planned to work with the subcommittee chairman on the issue. He underscored that the issue had created angst and anxiety in his region. He stated that \$200,000 represented a large portion of the local budget in Bristol Bay.

Co-Chair Stoltze invited committee members to sit in on the DFG subcommittee hearings.

[3:13:06 PM](#)

Vice-Chair Neuman referred to fishing license sales on slide 10. He remarked that a large portion of the DFG budget depended on user-pay and federal Pittman-Robertson/Dingell-Johnson funds. He believed factoring in population growth combined with a flat rate of resident fishing license sales indicated negative growth on a per capita basis. He shared that he had not bought a king salmon stamp in the current year because there had not been any salmon available. He communicated that in the past couple of years Mat-Su had estimated an economic loss in

excess of \$100 million due to the lack of salmon. He discussed the governor's declaration of disaster in the state's fisheries. He noted that people continued to buy fewer and fewer licenses due to actions taken by DFG. He asked the department to talk about efforts by the federal government to absorb Pittman-Robertson funds to fund federal government management "takeover" in all states. He wondered if the department had examined how it made fish management decisions. He stated that there was a general belief in the department (specifically by the lead biologist) that over escapement was a negative thing in tributaries. He opined that the view was objective and not shared by many other marine biologists. He detailed that the idea was that if there were less fish, increasing the number of spawning fish would help with the problem. He stated that very few of the Mat-Su tributaries receive minimum escapement goals set by DFG. He reiterated his question about the department's internal management practices. He noted that DFG had committed to conducting economic viability sport fishing surveys every five years. He stated that the surveys had not been conducted in the past five years and wondered if one would occur in the current year.

Commissioner Campbell replied that the department often asked for outside expertise to review management practices, escapement goals, sonar projects, and other. Additionally, DFG frequently used outside expertise on new or controversial projects. The department had requested funds the prior year to repeat the sport fishing survey at the five-year interval; however, the request had not been funded by the legislature.

Vice-Chair Neuman requested copies of the [outside expertise] peer reviews related to over escapement practices.

Co-Chair Stoltze discussed a Wasilla meeting where a biologist had expressed more concern about nonattainment than over escapement. He had not heard the comment from state biologists prior to the meeting; he had felt a sense of relief at the meeting when the comment had been made. He discussed nonattainment and threats to mixed stocks and reaching a point of irreparability.

Vice-Chair Neuman agreed. He commented that there were plenty of Alaskan families who would love to eat the fish if DFG was worried about over escapement.

Commissioner Campbell agreed that generally the view throughout the department was that nonattainment was a greater concern.

Co-Chair Stoltze interjected that the view was not heard very often. He stated that the concern typically discussed by DFG pertained to over escapement. He referred to a reciprocity statute that had passed related to the Yukon and Alaska for equal license treatment. The deal had looked good for Alaskans (less than 50,000 people in the Yukon versus 700,000-plus in Alaska); however, Southeast residents had reported "floods" of individuals coming in from the Yukon. He wondered if the state should reassess the issue or consider a sunset date.

Commissioner Campbell would be interested knowing whether the legislature had an interest in continuing the agreement.

Co-Chair Stoltze needed further information from the department on whether the agreement had been a good deal. He stated that the legislature was interested in an opinion from the department.

Commissioner Campbell answered that the Upper Lynn Canal Fish and Game Advisory Committee, which was the most affected group, had requested that the program be repealed. Subsequently, DFG had looked at the cost of the reciprocal licenses and had determined that the benefit to Alaskans was limited. She stated that opportunity on the Alaskan side of the border was much greater; therefore, the benefit had been to Canadians fishing in Alaskan waters and not vice versa.

Co-Chair Stoltze did not want to get into a dispute with the Yukon; however, he believed sometimes policy was enacted without thinking it through. He did not believe the department had advocated for the reciprocity program, which had preceded Commissioner Campbell. He asked the department provide its opinion.

[3:22:46 PM](#)

Commissioner Campbell replied that DFG had conducted analysis on the participants and cost of the program. She would provide the committee with the information.

Co-Chair Stoltze referenced the department's testimony that it had received \$7.5 million of a \$10 million request for Chinook research efforts. He believed the legislature had funded the full \$10 million for a more general salmon research category.

Commissioner Campbell agreed. She detailed that there had been an interest in broadening research beyond Chinook salmon; the full amount had been appropriated for the broader range of research.

Co-Chair Stoltze added that the request had been fully funded. Commissioner Campbell agreed.

Representative Gara mentioned the dwindling king salmon population. He referred to an "odd" federal subsistence rule. He discussed a former constituent living in the rural community of Emmonak who had wanted to barter when subsistence fishing had been allowed. Had been told that she could only barter with rural Alaska where costs were much higher. He wondered if the state subsistence fishery had the same bartering limitation.

Commissioner Campbell replied that the rules on customary trade and barter were complex and had a long history. She detailed that the state subsistence law did not differentiate between rural and non-rural residents; the rule was a federal construct.

Representative Gara asked for verification that it would be allowed if someone from Emmonak could barter with someone in Anchorage who went to Costco.

Commissioner Campbell would need to look into the issue.

Co-Chair Stoltze remarked that Mike Smith, a former member of the Board of Fish and of the federal fish subsistence federal board was present in the room. He suggested Representative Gara speak with him after the meeting.

Representative Gara asked DFG to follow up with a written answer to his question related to state subsistence law. Commissioner Campbell replied that she would follow up.

[3:27:50 PM](#)

Co-Chair Stoltze discussed the Board of Fish process and its challenges.

HB 266 was HEARD and HELD in committee for further consideration.

HB 267 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[3:29:07 PM](#)

The meeting was adjourned at 3:29 p.m.