

HOUSE FINANCE COMMITTEE
February 8, 2016
2:34 p.m.

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CALL TO ORDER

Co-Chair Neuman called the House Finance Committee meeting to order at 2:34 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Dan Saddler, Vice-Chair
Representative Bryce Edgmon
Representative Les Gara
Representative Lynn Gattis
Representative David Guttenberg
Representative Scott Kawasaki
Representative Cathy Munoz
Representative Lance Pruitt
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Brigadier General Laurel Hummel, Commissioner, Department of Military and Veterans Affairs; Colonel Robert Doehl, Deputy Commissioner, Department of Military and Veterans Affairs; Michael O'Hare, Director, Division of Homeland Security and Emergency Management, Department of Military and Veterans Affairs.

SUMMARY

FY 17 BUDGET OVERVIEWS:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Co-Chair Neuman discussed the meeting agenda.

^FY 17 BUDGET OVERVIEWS: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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BRIGADIER GENERAL LAUREL HUMMEL, COMMISSIONER, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS (DMVA), introduced herself and colleagues. She provided a PowerPoint presentation titled "FY2017 Budget Overview" dated February 8, 2016 (copy on file). She began with the department's statutory mission on slide 2. She turned to slide 3 and addressed core services:

- Defend and Protect Alaska and the United States
- Disaster Preparedness/Response and Recovery
- Outreach to Veterans and Military Families
- Youth Intervention

Commissioner Hummel relayed the core services were analogous to the lines in the department's mission. She stated the first two services nested well and all of the services were very complimentary. Slide 4 included a pie chart showing the department's budget by fund source. Other funds of \$16 million were represented in green, of which slightly over \$6 million represented interagency receipts and funds received for services. For example, the Division of Homeland Security and Emergency Management assisted with the Department of Transportation and Public Facilities (DOT) for grant preparation and DMVA received payment for the assistance. She continued to address the other funds category, which also included \$1.7 million for capital improvement project receipts. The budget included \$1 million for equipping the proposed Alaska State Defense Force Scout Battalion, \$100,000 estimated authority for the Counter Drug Program for seizures and forfeitures, \$7.8 million for Alaska Aerospace Corporation receipt authority, \$435,000 for state designated general funds (DGF) where the department brought in revenue for meal tickets and other, and \$12,000 for veterans' endowment memorial expenditures.

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Commissioner Hummel addressed a DMVA organizational chart on slide 5. She detailed the dotted lines indicated coordinating/administrative authority. Slide 6 provided an introduction to the Alaska Air National Guard. There were 2,100 [2,120] air guard members serving in three locations across the state. Eielson Airforce Base in Fairbanks was home of the 168th wing, which had been called the air refueling wing prior to February 2016; the name had been officially changed to reflect the inclusion of the space warning mission. Joint Base Elmendorf-Richardson (JBER) was the home of the 176th wing, which was one of the most complex organizations in the air guard; the base had four primary mission sets to include strategic and tactical airlift; air defense; and the rescue triad, which included guardian angels, rescue helicopters, and the HC-130 aircraft responsible for providing refueling capability to rescue helicopters.

Commissioner Hummel spoke to measures and results on slide 7. The chart showed the Alaska National Guard search and rescue efforts by calendar year. The blue portion of the bars represented lives saved in Alaska and the gold represented lives saved outside of Alaska.

Co-Chair Neuman addressed search and rescue efforts. He relayed the committee had learned from the Department of Public Safety (DPS) Alaska State Troopers that their ability to fly some of their helicopters for search and rescue would be impaired by the budget deficit and reductions. He asked if the effort fell back on DMVA and the military to fill those functions. He wondered how DMVA had worked the issue out with DPS in order to ensure Alaskan citizens were safe.

Commissioner Hummel answered that DPS was the first responder to search and rescue calls. She detailed that if DPS could not effect a search and rescue the call was referred to the Rescue Coordination Center, which was operational to the 11th Air Force, but staffed by Alaska Air Guard personnel. The department had search and rescue capability, which it conducted throughout Alaska. The concern about grounding the DPS helicopter was that the search and rescue ability was secondary to the state's federal mission set. The department had to be on standby to support the active Air Force component; DMVA would accept a search and rescue mission for life, limb, and safety

whenever it could. She furthered that DMVA had federal regulations and guidelines; therefore, if an issue was not immediate life, limb, and safety the department was prohibited from responding. She continued that DMVA would be required to seek reimbursement from the state if the department made a response the federal government determined was unwarranted or outside of federal guidelines and regulations. She relayed that reimbursement rates were very expensive and could be provided to the committee.

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COLONEL ROBERT DOEHL, DEPUTY COMMISSIONER, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, addressed the Air Facilities Maintenance Division on slide 8:

- 32 full time budgeted positions
- \$6,076.2 total budget request (\$1,667.9 UGF)
- Provides maintenance services for Alaska Air National Guard facilities
- Brings in \$163,185,206 direct federal dollars to the state economy

Mr. Doehl noted the federal dollars went to funding guardsmen, contractors, or other entities in Alaska.

Representative Kawasaki remarked that DPS had requested money in the prior year's budget for aircraft facilities maintenance. He asked if the funding on slide 8 went to non-military vehicles in addition to military vehicles.

Mr. Doehl responded that the facilities were located on Air Force bases with equipment specific to Air Force aircraft; they would not be a good fit for non-military aircrafts. Additionally, the department's mechanics lacked the appropriate Federal Aviation Administration certifications for working on DPS aircraft.

Commissioner Hummel moved to slide 9 titled "Alaska Army National Guard." The Army National Guard continued to deploy soldiers in support of missions and training events worldwide. She noted the guard continued its deployment relationship with its state partner of Mongolia. The guard had sent soldiers to Mongolia to train with 24 other countries and participate in peace-keeping operations training. Additionally, the guard had sent pilots to fly in Afghanistan and two officers were currently serving in

Kosovo. Guard soldiers also trained in South Korea, Cambodia, Australia, and across the continental U.S. There were 210 Alaska Army guardsmen operating a ground missile defense mission at Fort Greely who were on watch around the clock, 365 days per year (operating as the nation's defenders against intercontinental ballistic missile attack). The guardsmen were deployed in place to provide a vital defense to the homeland. State missions included emergency response; and preparing for and responding to requests by civil authorities for support ranging from flood relief, search and rescue, and emergency housing for citizens in armories.

Commissioner Hummel continued that the previous summer Alaska Army National Guard's helicopters had supported the Department of Forestry with 131 hours on the Mat-Su and Kenai fires. Additionally, the guard had a civil support team consisting of 22 specially trained Army and Air guardsmen to assist civil authorities in the case of a chemical, biological, radiological, nuclear, or explosive event. The guard stood ready to support non-emergency assistance to local and federal authorities. For example, in support of the Glacier Summit, the National Guard had provided military police support to the Anchorage Police Department and state troopers; aviation support to the U.S. Secret Service, and refueling support to Marine One. The guard helped deliver medical care, build structures in parks, and supply veterinary care throughout Alaska. The Innovative Readiness Training Program combined the efforts and skills of all the armed forces branches to train in their career fields while benefitting citizens throughout the U.S.

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Representative Wilson remarked there had been some issues in the past year related to the National Guard and recruiters and the ability to have guns onsite. She detailed that some of the offices had been locked, which required individuals to knock and wait for the door to be opened. She wondered if the issue was ongoing.

Commissioner Hummel replied that there was a standard operating procedure for the facilities that had a force of one soldier or airman in an office. The procedure required the door to be locked if the office was not located on a federal facility. If the soldier felt they may be some

personal danger they were instructed to post a sign with a phone number or way to contact them inside the office. The tactics, techniques, and procedures had been implemented by DMVA as long as the force protection measures warranted.

Representative Wilson stated that there had been more than one person in the office. She had been told it had been a directive. She wanted to keep the individuals safe, but she figured they could carry guns for protection. She noted the door had a glass panel and did not really offer protection. She believed letting people know the individual inside was not protected, put them in danger. She reiterated her belief that it had been a direct order and that individuals did not appear to have issues with safety.

Commissioner Hummel replied that DMVA had received Representative Wilson's concern about the incident. No direct order had been given to any of the department's recruiting stations that they should lock themselves in if there was more than one individual unless they felt there was an imminent threat. The department had communicated the standard operating procedures more clearly; everyone in the recruiting facilities had been given a copy of the procedures and had been briefed on the rules.

Co-Chair Neuman noted that that the previous year the legislature had received information it would see a downsizing from the federal government in the Army National Guard and an increase in the Air Guard. He asked if it had occurred and how it was reflected in the DMVA budget.

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Commissioner Hummel replied that it had occurred. She detailed that the Alaska Army Guard would be further decremented from 1,850 to 1,750 in the coming fiscal year. There had been a slight uptick in the Air National Guard numbers to about 2,100 or so. Therefore, overall the Alaska National Guard was about the same as it had been in the past couple of fiscal years. The department would provide further detail at its Joint Armed Services meeting the following day. Alternatively, she offered to provide a further briefing after the current meeting. In terms of facility maintenance, the department's budget did not show a significant difference.

Mr. Doehl agreed that the Air National Guard had increased by a couple hundred members and the Army National Guard had decreased by a couple of hundred soldiers. Currently, the department still had the legacy facilities in the Army National Guard; it was working on the consolidation of 17 facilities. The department had fully engaged with the Army Corps of Engineers and the state Department of Administration was pursuing repurposing. He estimated a reduction was envisioned in two to three years as facilities were repurposed and removed from the books. Until the department got an environmental baseline and other mitigation work it was not in a position to lower the budget. The department had drastically curtailed all the utilities due to a cost-containment measure; previously utilities had been left running.

Mr. Doehl spoke to Army Guard facilities maintenance on slide 10. He shared they were spread across four locations statewide to operate 55 facilities, which needed to be repurposed, and another 17 the department continued to work out of. The budget request was \$2.6 million undesignated general funds (UGF) [the total request was \$12.7 million] and facilities maintenance ultimately brought in about \$51 million direct federal payments to the state economy.

Commissioner Hummel addressed measures and results related to Alaska Guard strength on slide 11. Alaska was one of the few states with a larger Air Guard than Army Guard component. The chart indicated that Army structure had been reduced slightly, while Air Force structure had been increased. She referred to Mr. Doehl's comments about the repurposing of armories and added that the reduction of the footprint of the armories and the stationing plan was not so much about changes in the past year or two, but changes in the past 20 or 30 years in terms of force structure decrements. She turned to a map of the world on slide 12 showing training events and deployments conducted in 2015 by the Alaska National Guard.

Commissioner Hummel moved to slide 13 spoke to the department's Division of Homeland Security and Emergency Management. The division was currently managing 12 federal disasters and 10 state disasters. The public assistance section of the division was managing over 700 projects worth over \$250 million in communities around the state. The section provided emergency management training to over 700 Alaskans in over 40 training events statewide. The

section was preparing for a statewide homeland security exercise in April [2016] with an emphasis on cyber security and local response to terrorist active shooter scenarios. Additionally, the section was working with over 30 local communities on small community emergency response plans.

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Representative Kawasaki noted the committee had heard from the Department of Health and Social Services (DHSS) commissioner about public health issues earlier in the day. He continued that the Division of Public Health dealt specifically with public health disasters with 47 full-time employees. He wondered how DMVA worked closely with DHSS on the topic. He noted the Department of Environmental Conservation (DEC), DOT, and DPS also had emergency management groups.

Commissioner Hummel deferred the question to the director of the Division of Homeland Security and Emergency Management.

MICHAEL O'HARE, DIRECTOR, DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, answered that DMVA, DOT, DPS, DEC, DHSS were partners and all intertwined in the planning and training response based upon the event. The agencies had senior and primary responsibility based upon the event type. For example, DHSS would have senior responsibility for something like a pandemic outbreak. Depending on the event, one agency would support another "at the tip of the spear."

Representative Kawasaki asked if the DMVA Division of Homeland Security and Emergency Management was the lead agency for a disaster. Alternatively, he asked if it would depend on the type of disaster.

Mr. O'Hare responded that it depended on the type of disaster. He explained that DMVA was responsible for all natural and terrorist disasters in Alaska. The DHSS was responsible for health related events, DEC was responsible for environmental spills or similar events, and DMVA would act in a supporting role.

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Commissioner Hummel addressed slide 14 titled "Measures and Results" pertaining to the Division of Homeland Security and Emergency Management. The graph included an assessment by division staff that organized boroughs were able to support their communities in both exercise and real world response (i.e. operating their emergency operation centers and providing effective and efficient response to communities without an over-reliance on state assistance - the reliance on the state was typically seen during a disaster recovery phase, which DMVA specialized in at the state level).

Representative Guttenberg stated that it had become common for pieces of government to be merged into homeland security. He asked about the meaning of the following language: "boroughs that responded effectively to events without state assistance." He spoke to the simulation of an airplane crash at the Fairbanks International Airport. He detailed that everyone had responded to the simulation. He continued it was an example of local organized boroughs effectively responding. He believed it was assumed that such an event would immediately overwhelm the local capacity. He wondered what kind of events the slide was referring to.

Commissioner Hummel deferred the question to Mr. O'Hare.

Mr. O'Hare replied that the organized boroughs went through the process of immediate response to support their local communities when facing floods, fires, and other typical events a community was threatened with. In the case of larger events where a borough was overwhelmed with supporting its communities, the process of asking for state involvement/resources was followed effectively and efficiently. He explained that slide 14 represented typical immediate response for the ongoing daily seasonal threats communities faced in Alaska. With the larger and specialized events where boroughs may not have the expertise or may require more resources, the boroughs followed the established procedures to request additional resources from the state. The state then provided as much support as possible and may request additional assistance from the federal government if necessary.

Representative Guttenberg referred to conversations with emergency management heads about the process of going up the chain in the event of an emergency. He provided an

example of an emergency where ambulance staff called a fire chief who then called another fire district and a trooper and so on. He asked who was capable of calling the DMVA Division of Homeland Security and Emergency Management.

Mr. O'Hare answered that the borough emergency management office or elected leadership called the state emergency operations center to request help.

Representative Guttenberg wondered if a trooper could notify the state. Mr. O'Hare replied that the emergency operations center would corroborate the information with a call to the borough emergency manager. The division took its orders from borough emergency management and certainly took its partnerships with another state agency looking for help seriously, but it was necessary to size up the situation to determine the real needs.

Representative Guttenberg asked if the division monitored switchboard call centers.

Mr. O'Hare answered in the negative. The boroughs had the division's phone numbers and the division had radio communication with state troopers all of the time.

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Vice-Chair Saddler remarked that unless the information was a measure of how well DMVA had trained organized boroughs to respond, the effectiveness measure seemed rather peripheral for the department. He surmised it seemed to be more of a measure of how well the boroughs responded to things.

Mr. O'Hare answered that one of the division's responsibilities was to prepare Alaskans for responding to disasters. The department's job was to help boroughs become more prepared to support their citizens.

Vice-Chair Saddler observed that the organized boroughs had responded effectively to events without state assistance 100 percent of the time many of the years shown on the graph. He was interested to hear about responses from unorganized areas. He reasoned organized boroughs had resources and organization.

Mr. O'Hare answered that he would follow up with the information. He detailed that communities in unorganized boroughs called the state emergency operations center directly and the state acted as their responding borough with support.

Commissioner Hummel moved on to discuss the Office of Veterans Affairs on slide 15. The office was small in size, but it assisted nearly 58,000 Alaskans with state and federal VA [U.S. Department of Veterans' Affairs] benefits requests; the number represented an increase of over 10,000 Alaskans assisted in FY 14 and reflected a workload of 7.5 clients per day per employee. The office assisted Alaska veterans in receiving over \$222 million in federally funded medical care, \$244 million in direct federal funds for disability compensation payments, 4,605 students (including veterans and eligible family members) in receiving \$74 million in federally funded education or vocational rehabilitation benefits, and 5,208 Alaska veterans in obtaining home loan certificates resulting in over \$1.4 billion in guaranteed loans. She specified it was the first time the VA home loan program passed \$1 billion in Alaska.

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Co-Chair Neuman stated that all of the committee members had veterans in their districts who did not want to deal with government for one reason or another. He wondered if there was a phone number to provide to individuals needing medical help and other.

Commissioner Hummel replied in the affirmative. She stressed that DMVA operated as ombudsman; it was the department's job to connect Alaska's veterans to the services and entitlements they had earned through their service. On behalf of the Verdie Bowen, the director of the Office of Veterans Affairs, she believed he would tell the committee he dealt with people daily who were off-the-grid or distrustful of big government. The department connected person-to-person and would go wherever needed to help fill out paperwork or other. She would provide the committee with the appropriate contact number.

Co-Chair Neuman referred to substantial problems (potentially the worst in the nation) with the veterans' hospital in Wasilla according to an investigation by the federal government. However, there was a new, federally

funded Native hospital in Wasilla. He asked if veterans could use the new hospital.

Mr. Doehl replied in the affirmative. He detailed the individuals needed to coordinate with the VA to have their care transferred over to the Southcentral Foundation Hospital in Wasilla. He noted approximately 800 veterans were using the new hospital and had raved about the level of service. He spoke to the one-stop-shopping at the facility versus the community-based outpatient clinic at the VA in Wasilla that still tried to send patients to Anchorage for certain functions. He noted individuals were required to get preapproval from the VA to utilize the new hospital, but the process was straightforward.

Co-Chair Neuman asked about the difficulty of the process. Mr. Doehl replied that he did not know of a veteran who had been denied; it was the veteran's choice.

Co-Chair Neuman stated it was probably the best news he had personally received - that he could help spread to his constituents - in a very long time.

Commissioner Hummel agreed that it was great news, but it was worrisome that people did not know about it. Much of the department's work involved communication outreach and more community outreach. She remarked that the department believed it had everybody covered, but there were always people who did not get the word.

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Co-Chair Neuman asked agreements with other states about providing the best price for service if there were veterans requiring surgical procedures. Mr. Doehl answered that the VA was the direct care provider of medical services and was responsible for paying for the services. However, the VA had partnered with the Alaska Native Tribal Health Consortium (ANTHC) and several major hospitals to provide cost-effective care closer to home. Additionally, agreements were in place in two different programs to send veterans out-of-state if the service could be better provided elsewhere.

Co-Chair Neuman asked for handouts outlining services that could be passed on to constituents.

Vice-Chair Saddler remarked that the Office of Veterans' Affairs published an excellent pamphlet annually that described the plethora of benefits provided to veterans in Alaska. He asked if the cooperation with the Mat-Su hospital for VA qualified veterans run through the federal Veterans' Choice program.

Mr. Doehl answered in the negative. He detailed that Alaska had led the way in direct contractual relationships between the VA and different health providers outside the program. He believed it was the reason the process was working much better for veterans in Alaska than some of the stories heard about the process out-of-state.

Representative Wilson noted that Alaska was still exempt due to the Real ID Act; however, veterans still had to use Fort Wainwright. She asked if veterans received a special card in order to have something to show if they only had an Alaska driver's license and no passport.

Mr. Doehl answered that the Tanana Chiefs Conference facilities in Fairbanks had the same relationship with the Southcentral Foundation the committee had just been discussing. There were means for individuals to work with the military police squadron to develop other means for access to a base such as a defense base identification card someone needed regular access to a facility. There were means with the local base security for regular users and other means the VA hospital should be coordinating with the installation security staff.

Representative Wilson disclosed that her husband is a veteran. She asked if the issue had to be dealt with federally if a veteran had issues with a veteran hospital on base. Alternatively, she wondered if the issue could be handled by DMVA.

Mr. Doehl answered that the department could attempt to intervene, but the individual would have to go through a federal process either through congressional offices (who were adept at dealing with the matters due to the number of veterans in Alaska - the highest per capita) or the individual could seek to have its care through another cooperative provider in the Fairbanks area.

Representative Wilson believed individuals got lost in the confusion.

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Vice-Chair Saddler remarked that a couple of years back, with the department's help, legislation had passed to provide a veteran designation on the State of Alaska driver's license or ID card. He did not believe it sufficed to get a person on a military base, but it was another indication the state was proud to acknowledge its veterans' service and to help them obtain other benefits outside of the VA clinic or base access. He reasoned if people did not know about the publications from the DMVA, they may not be aware of the veterans' driver licenses.

Representative Edgmon returned to slide 15. He referenced Mr. Doehl's statement that Alaska had among the highest veterans per capita. He noted it had been that way for numerous years. He was working on legal services legislation and had been surprised to learn how many veterans utilized the legal services. He asked if the profile of Alaska's veteran community followed the normal population curve (i.e. younger and older veterans, single and married veterans, etcetera). He wondered how Medicaid expansion tied into the services provided by the department given it had only been around since September.

Mr. Doehl answered that the department had provided copies of a recent survey of the state's veteran population to the finance subcommittee; it would be provided to the House Finance Committee as well. There were around 75,000 veterans in Alaska, but the number was growing about 5 percent per year. He detailed that the incoming individuals were young and most were married with children; individuals that were not retiring out of the service, but were coming in after completing somewhere between 5 and 15 years of service. He would follow up on the question related to Medicaid expansion and its impact on the specific group. The department believed there was a significant group in the hundreds to thousands who getting access to VA provided healthcare earned through military service, took care of an obligation that would otherwise be assumed by Medicaid.

Representative Edgmon referenced an inquiry generated at a meeting in Dillingham with a number of veterans around the table. He had been surprised at the number of veterans living in the Dillingham community. He detailed a number of

the individuals would fit the Medicaid expansion recipient profile.

Commissioner Hummel reiterated that Alaska had more veterans per capita than any other state. She referred to Mr. Doehl's testimony the number of veterans in Alaska was 75,000 and climbing. She relayed that young veterans were increasing the fastest. There would be a big bulge that would eventually taper off, but the majority of the individuals had combat experience.

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Commissioner Hummel moved to slide 16 and addressed measures and results of the Office of Veterans' Affairs. She noted that for 2015, the federal VA had not yet finished calculating all of the benefits provided to Alaskans; therefore, the number on the graph was anticipated to increase by approximately \$10 million. She turned to slide 17 and provided an introduction to the Alaska Military Youth Academy (AMYA). The department was proud of the program and over the past year it had restructured the cadre organization of platoons and the dining facility staff in order to save money. She detailed there had been substantial reductions in overtime costs; three dining facility positions had been eliminated without a reduction in quality of service to at risk youth.

Representative Wilson requested numbers of enrolled AMYA students for the fall and spring. Commissioner Hummel replied the department would follow up with the numbers.

Representative Wilson remarked that several years earlier there had been an issue with ensuring high school dropouts got to AMYA. She asked if the issue was ongoing.

Commissioner Hummel asked if Representative Wilson was saying in the past there had been a lack of information from the high schools identifying dropouts.

Representative Wilson replied in the affirmative.

Commissioner Hummel answered that the academy had admissions officers and provided outreach to the schools. She believed disclosing a list of dropouts was probably a privacy act issue. She did not expect AMYA would receive the information directly from the schools or school

district. However, the schools were knowledgeable of the program's existence, which marketed throughout the schools and social agencies. She did not know if the academy received a list of high school dropouts, but she would be surprised if it did.

Mr. Doehl answered that the department was not currently receiving the information, but it would follow up with more detail. He noted the department had just recently sent requested information to Representative Gara on social agency interactions.

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Representative Wilson noted she had previously had DMVA [as a finance subcommittee] and believed that statute designated the information was to be provided to DMVA. She believed AMYA's primary goal was to help students get back on track and into school to complete credits. She surmised that without the list the academy would probably be spending significant time and money on trying to determine who the students were.

Commissioner Hummel answered that the department would follow up.

Vice-Chair Saddler had been informed there had been some problem with the academy's educational component that was not qualified as a grade A or upper level program when it came to U.S. Department of Defense recruiting. He stated that for some reason an academy graduate had not been scored for recruiting purposes as highly as a student from a regular, public, private, or charter school.

Mr. Doehl answered that in the past there had been some confusion about the value of an AMYA diploma. The issue had been rectified and it had become recognizable as a high school diploma. He detailed that a general education diploma (GED) was a notch down, but a diploma from the academy counted as the equivalent to a high school diploma. He added that regulations specified the academy diploma should be considered a high school diploma.

Vice-Chair Saddler understood the AMYA diploma qualified as a high school diploma, but he had heard there had been a question about whether it "made the grade" and if someone

had to go through additional training before being accepted as a recruit.

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Representative Munoz spoke to the high school qualifying exam (HSQE) requirements that had been eliminated [in 2015]. She asked if previous students who had not passed the HSQE had been afforded an opportunity to pass or take the test [in the academy]. She surmised perhaps the test had not been required for AMYA recruits.

Mr. Doehl would follow up on the question. He referred to a change in the GED that had become retroactive. Given the change, the department anticipated having some students who previously took the GED who passed; however, the academy was still assessing how to reach back to the students and to determine what role the HSQE played in the credits received by students at AMYA who then attempted to graduate at their home high school or at the academy. His understanding was that the exit requirements did not exist.

Co-Chair Neuman stated that in the past federal recruiters had been dealing with federal regulations on home school students and had not recognized their diplomas. He asked if the issue had been resolved. He added that the students had been required to go back to community colleges to obtain special credits in other classes.

Mr. Doehl asked if Co-Chair Neuman was referencing home school programs outside of AMYA. He noted those programs were outside of his expertise.

Co-Chair Neuman specified he was referring to home school programs where students had state identification numbers from the Department of Education and Early Development (DEED).

Mr. Doehl answered that he would follow up with the information. He was not familiar enough with the home school program in Alaska and how the recruiters had dealt with those high school diplomas. However, for purposes of academy accessions it was not a show stopper.

Co-Chair Neuman noted that there were 10,000 homeschool kids in Alaska doing a good job who would like to join the

military. He added that his son was one of the students who had experienced issues with the situation.

Mr. Doehl answered that the prior year four of the recommendations of the congressional delegation had included home schoolers. He gave assurance that at the highest level of the military the issue was not a show stopper.

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Commissioner Hummel briefly highlighted AMYA measures and results and the percent of eligible cadets who received a GED or high school diploma (by graduating class and fiscal year) on slide 18. She pointed to a drop in the graduating class related to the GED in 2014 due to the changes in standardization in 2014. She skipped slide 19.

Mr. Doehl spoke to a look-back with funding source changes on slide 20. He pointed out that in 2007 AMYA had been an interagency transfer from DEED and had not been included in DMVA's budget numbers. He detailed the current DMVA budget was within \$240,000 of its 2007 budget; the increase represented 1.8 percent growth over 11 years or 0.17 percent annual growth rate.

Commissioner Hummel moved to a pie chart on slide 21 showing DMVA's share of Alaska's General Fund operating budget. The department represented 0.66 percent of the overall state budget. She turned to slide 22 that showed an image of an iceberg. She detailed the portion of the iceberg above the water's surface represented DMVA's requested state General Fund dollars of \$18.4 million for FY 17; the portion of the iceberg below the water's surface reflected federal dollars received. She elaborated the slide showed slightly under \$500 million in federal funding; however, the number was closer to \$530 million because the slide did not include \$30 million in federal receipts coming through the Division of Homeland Security and Emergency Management.

Mr. Doehl moved to slide 25 titled "Personal Services Look-Back." The department had seen growth of \$10 million in its personal services account for contractual pay increases. He specified that when removing personal services from the equation, the department's costs had dropped by \$5.6 million over the past 11 years. He directed attention to

slide 26 related to budgeted positions to illustrate the point. He noted the department currently had 47 fewer positions than in 2017. He detailed it was one of the ways DMVA had strived to be more effective with the money appropriated by the legislature over the years. Over the past 11 years some things had changed within the department, including the addition of the Alaska Aerospace Corporation into the DMVA budget. He noted the corporation currently received zero state General Fund dollars. He elaborated that by restructuring some of the money, the department had grown the Office of Veterans' Affairs into providing 17 veterans' service officers statewide and had moved them off-base to a more accessible location. Slides 27 through 30 largely addressed the rise and fall of AMYA becoming part of the DMVA's primary budget, the addition of the Alaska Aerospace Corporation, changing types of money, and incoming/outgoing General Funds. He moved to slide 31 titled "FY2017 Budget Highlights."

Mr. Doehl directed attention to slide 31 related to FY 17 budget highlights. The department was facing some unallocated reductions that would be addressed by the deletion of positions, reduction of services, and implementation of furloughs for exempt employees (i.e. DMVA directors and commissioner). The department had submitted its recommendations to the Office of the Governor and was awaiting approval; the approved recommendations would be reflected in an amended budget item.

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Commissioner Hummel addressed two increments in the governor's FY 17 budget on slide 32. She emphasized that even with the two areas of growth, DMVA was within \$220,000 of its 2007 budget. She provided further detail on slides 33 and 34. She specified the department was requesting \$120,000 General Funds for obtaining the services of a consultancy for enhancing military community and legislative partnerships in order to address the potential impact of base realignment and closure (BRAC) as early as FY 18. The department had to be prepared to inform the U.S. Department of Defense and congressional policy and decision making processes, which would specifically require seeking expertise in the areas of federal legislation affecting military base viability, reducing the energy cost differences between Alaska and outside bases, improving partnerships between host communities and military bases,

and developing enhanced-use leases. Focus on the areas would enable DMVA to enhance military, community, and legislative partnerships in order to be better prepared for and respond to BRAC in the future, as well as to hedge against any proposed force structure decrements.

Mr. Doehl addressed the second increment the department was seeking (outside of a formulaic increase in the National Guard and Naval Militia Retirement System), which was for a rural engagement initiative to stand up an Alaska defense force presence in Southwest Alaska based in Bethel and would address several things. First, the Alaska Army National Guard had been drawn down over the years in rural Alaska. He detailed that during that time the department had over-concentrated or overcentralized its force in Southcentral Alaska. He elaborated that in the event of a mass disaster, such as an earthquake, the department's ability to provide a response force was compromised. Second, the department believed the group would address a need for sensors as the Arctic became more accessible and commerce increased. Third, it would provide more of an on-the-ground group to deal with the unorganized borough responses to disasters. Rather than instantly turning to the state, it would provide a means to export and develop local expertise to address the issues. He relayed the increment would be the subject of a much longer briefing to be held Thursday night of the present week during a [legislative] budget subcommittee meeting.

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Mr. Doehl turned to slides 35 through 38 related to FY 16 unallocated reductions. There had been \$51.9 million in unallocated travel reductions across three divisions. The department had determined the reduction would be sustainable and it was currently on track. Slide 36 showed reductions to Air and Army Guard facilities. He moved to slide 37 and addressed where the reductions had been made. A position had been deleted in the commissioner's office that had been partially funded with General Fund dollars (the remaining fund source had been federal receipt authority). He furthered that six positions had been deleted in AMYA and a cost of living allowance (COLA) increase had been reduced under Craig Campbell (the president and chief executive officer of the Alaska Aerospace Corporation under DMVA), who had always refused COLA increases in the Alaska Aerospace Corporation. Slide

38 showed how the decreases had impacted the department. He detailed that pink slips had been given to three individuals when the six positions had been eliminated. Additionally, two more individuals had left their positions once notified of their impending job loss. He noted that heeding Representative Thompson's advice the department had not focused eliminating low earning positions; 50 percent of the cuts (including two occupied positions) had been to the expert/professional level position range. The remaining 50 percent impacted technical and entry level positions. He relayed that most of the positions eliminated were at JBER or in Anchorage. The positions in Kodiak had been eliminated by the Alaska Aerospace Development Corporation.

Vice-Chair Saddler noted that the legislature had tried not to allow for the contracted increase in wages "because we knew exactly what would happen, has happened - six people lost their positions." He wondered whether the individuals would rather have maintained their employment at lower pay or other. He referred to the department's request of \$120,000 for a consultant for BRAC-proofing. He knew there had been other consultant work. He referred to recommendations and believed the department should utilize the money doing something for BRAC-proofing instead of studying how to do it. He reasoned money would be hard to come by and it would be increasingly hard to come by for outside experts.

Co-Chair Neuman noted the department may even have to look for some outside funding for the item. He added it was difficult to try to get the funding in the budget.

Representative Kawasaki relayed the Fairbanks borough had consistently spent money annually on BRAC-proofing and consultants. He thought maybe there were some ways the department could work with municipalities with a high number of military bases.

Commissioner Hummel answered that when she and Mr. Doehl had come into their positions they had seen there was a contract in place for consultancy, which had been about three times more than the current request. She elaborated they had felt the state was not getting a good deal for the money; therefore, they had let the contract expire and had not requested a contract for the current fiscal year. However, the department had realized with the "poaching of 425 and the BRAC standing up again," the department really

needed help from someone with expertise inside the beltway. She continued that one of the consultants contracted to DMVA in the past had been the individual who had assisted U.S Senator Dan Sullivan's office in the creation of the NDAA (National Defense Authorization Act), which had been accepted and would force the U.S. Department of Defense to develop a "conops" [concept of operations] for the Arctic and to resource the operations there. She relayed the funds would not be directed at numerous studies, but would go towards an ounce of prevention in order to get some inside expertise on how to make things happen in Washington [D.C.].

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Representative Kawasaki wondered why the committee had not heard much information about the Alaska Aerospace Corporation. Mr. Doehl answered that there had been no General Fund appropriation request for the corporation. The governor was currently evaluating a proposal for the corporation to become privatized. He explained that without a budget "tie-in" the department had not found a good fit within the committee process in which to discuss the corporation.

Representative Kawasaki would like to see what the money had gone to in the past several years. He specified that substantial General Fund dollars had gone to the corporation. He elaborated that the director of the corporation's travel budget had been roughly what the entire department's travel budget cut had been. He reasoned that as long as the director was acting on behalf of the state, the fund source did not matter (i.e. federal or state UGF) and the corporation should be held accountable.

Representative Wilson asked about the proposed increase associated with rural engagement. Mr. Doehl answered \$1.3 million.

Representative Wilson asked what the increment was for. Mr. Doehl answered that DMVA envisioned a very small cadre of three to four individuals on state active duty to do exercised design and administrate the program. Primarily the funds would go to paying for participation, exercises, and procurements of some small things.

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Co-Chair Thompson clarified that the request was \$1.3 million in the operating budget and there was an additional \$1 million request in the capital budget for "mission creep." He thanked the presenters for the presentation. He asked Commissioner Hummel to introduce the staff in the audience. He thanked the individuals for their service to Alaska and the nation.

Commissioner Hummel introduced the department staff.

Co-Chair Thompson thanked the individuals for their service. He discussed the agenda for the following day.

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ADJOURNMENT

3:37:25 PM

The meeting was adjourned at 3:37 p.m.