

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

January 22, 2015

8:04 a.m.

**MEMBERS PRESENT**

Representative Bob Lynn, Chair  
Representative Wes Keller, Vice Chair  
Representative David Talerico  
Representative Liz Vazquez  
Representative Louise Stutes  
Representative Max Gruenberg  
Representative Jonathan Kreiss-Tomkins

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

OVERVIEW(S): DEPARTMENT OF PUBLIC SAFETY

- HEARD

OVERVIEW(S): DEPARTMENT OF ADMINISTRATION

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

GARY FOLGER, Commissioner  
Department of Public Safety (DPS)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented an overview of the Department of Public Safety (DPS).

TERRY VRABEC, Deputy Commissioner  
Department of Public Safety (DPS).  
Juneau, Alaska

**POSITION STATEMENT:** Gave a PowerPoint presentation during the overview of the Department of Public Safety (DPS).

KELLY HOWELL, Director  
Division of Administrative Services  
Department of Public Safety (DPS)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered a question regarding grants during the overview of the Department of Public Safety (DPS).

KATHY LEA, Chief Pension Officer  
Central Office  
Division of Retirement & Benefits (DRB)  
Department of Administration (DOA)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the overview on the Department of Administration (DOL).

AMY ERICKSON, Director  
Division of Motor Vehicles (DMV)  
Department of Administration (DOA)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions regarding gender identity and licensing during the overview of the Department of Administration (DOA).

SHELDON FISHER, Commissioner  
Department of Administration (DOA)  
Juneau, Alaska

**POSITION STATEMENT:** Provided a PowerPoint presentation during the overview on the Department of Administration (DOA).

#### **ACTION NARRATIVE**

[8:04:55 AM](#)

**CHAIR BOB LYNN** called the House State Affairs Standing Committee meeting to order at 8:04 a.m. Representatives Keller, Kreiss-Tomkins, Stutes, Talerico, Vazquez, and Lynn were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

CHAIR LYNN introduced the committee secretary from House Records, and then he asked each member of the committee to introduce him/herself. He related the story of his gavel, given to him by his maternal grandmother.

#### **OVERVIEW(S): DEPARTMENT OF PUBLIC SAFETY**

[8:09:16 AM](#)

CHAIR LYNN announced that the first order of business was the overview by the Department of Public Safety.

[8:09:39 AM](#)

GARY FOLGER, Commissioner, Department of Public Safety (DPS), presented an overview of DPS. He listed the following mottos on which he stands: "In honor there's hope"; and "The only thing necessary for evil to triumph is for good men to do nothing." In response to Chair Lynn, Commissioner Folger said he grew up in Cantwell, Alaska, went to high school in Heely and Palmer, and has served approximately 32 years as an Alaska State Trooper - all of that time in the area of wildlife. He indicated that he enjoys his career and serving Alaska. He said next year would be the department's seventy-fifth anniversary; the department is one of the oldest in the state. He said the budget for DPS is just under 2.5 percent of the entire state budget, and the department receives about one quarter of one percent of capital improvement monies. He relayed that DPS employs approximately 885 full-time employees and 926 part-time employees, many of whom are employed in the summer.

[8:12:14 AM](#)

TERRY VRABEC, Deputy Commissioner, Department of Public Safety (DPS), stated that he has 30 years' experience in law enforcement, having worked in the Kenai Peninsula, for the City of Fairbanks, and for the University of Alaska, including time as the chief of police. He indicated that a former commissioner was responsible for his involvement with the Alaska Police Standards Council, and former Commissioner Joe Masters appointed him as deputy commissioner.

[8:13:07 AM](#)

DEPUTY COMMISSIONER VRABEC directed attention to a hardcopy of a PowerPoint presentation [included in the committee packet]. He turned to page 2 of the PowerPoint, which states that the mission of DPS is "to ensure public safety and enforce fish and wildlife laws." The department comprises urban and rural units across the state and offers the following core services: rural law enforcement, domestic violence and sexual assault programs, statewide public safety programs, resource protection, and highway safety. He directed attention to an organizational chart on page 3 of the PowerPoint, which shows that the commissioner oversees the Division of Administrative Services,

the Division of Alaska State Troopers, and the Division of Alaska Wildlife Troopers. He related that his job as deputy commissioner includes overseeing the Division of Statewide Services, the Division of Fire and Life Safety, the Crime Lab, and [the Public Safety Academy] in Sitka.

[8:14:48 AM](#)

CHAIR LYNN asked for further information regarding the Public Safety Academy.

[8:15:07 AM](#)

COMMISSIONER FOLGER said when the economy "tanked" in the mid-1980s, the department did not hire many troopers. He relayed that there were about 40 trainees at the academy in 1990. He stated that "in this next year" there are 61 troopers that can retire, and there will be 51 state troopers that can retire the following year. He said DPS is at a crossroads and that "the big elephant in the room is the budget." The department is trying to determine how many applicants to pick up in its next training at the academy. He stated that the scary issue is that out of the 61 that can retire, most of them are in management positions.

CHAIR LYNN emphasized his concern and the importance of DPS to survival.

[8:16:55 AM](#)

DEPUTY COMMISSIONER VRABEC said the Public Safety Academy not only trains troopers, but also trains local officers, airport police, university police, and park rangers. He acknowledged that Representative Kreiss-Tomkins had delivered the last graduation speech.

[8:17:57 AM](#)

COMMISSIONER FOLGER answered a series of questions from Representative Vazquez. He estimated that perhaps 30 of the aforementioned 61 troopers would retire [as soon as eligible]. He said there are approximately 378 troopers currently, and that number has not changed much over the last 20 years. He said the troopers are taken care of in terms of vehicle and equipment needs. He indicated that the needs of the department depend on many considerations. He explained that a lot of dollars go into special training in areas such as child forensic interview and

vehicle accident reconstruction. He indicated that that sort of special training is sometimes expected during court proceedings.

REPRESENTATIVE VAZQUEZ stated her desire to see a breakdown of the department's personnel needs. She imparted that her experience as a prosecuting attorney has shown troopers behaving professionally, and she said she knows the department has not really increased the troops out in the front line.

[8:20:50 AM](#)

COMMISSIONER FOLGER responded to a series of questions from Representative Gruenberg. He said the television reality show, Alaska State Troopers, initially increased the number of people interested in becoming a trooper; however, the decision was made to cancel the show because it had "run its course." He said the department model is similar to that of Oregon; however, Alaska is unique in its geography. He said DPS worked closely with Washington and Colorado regarding a marijuana initiative.

REPRESENTATIVE GRUENBERG expressed his desire to speak with Commissioner Folger further in order to "not have to reinvent the wheel."

[8:23:37 AM](#)

CHAIR LYNN expressed his pleasure in having Representative Gruenberg back on the committee.

[8:24:02 AM](#)

DEPUTY COMMISSIONER VRABEK, in response to Representative Stutes, confirmed that Village Public Safety Officers (VPSOs) receive their training from the Public Safety Academy in Sitka. He mentioned a bill that passed in 2014 that would allow VPSOs to be armed, and said the department is working with the first group that would be transitioning into that capacity. He estimated that currently there are 80 VPSOs, and said there is constant effort in recruiting people to become VPSOs.

[8:25:22 AM](#)

DEPUTY COMMISSIONER VRABEK offered an example of a need that required specific troopers to handle a special assignment. He said it was called the criminal suppression unit, and it was in response to an increase in property crimes in the Anchorage

valley. He said any special unit that is formed will require extra resources.

[8:26:50 AM](#)

COMMISSIONER FOLGER, in response to Chair Lynn, confirmed that DPS has a special intelligence unit that partners with the U.S. Department of Homeland Security and other federal agencies to address potential terrorism in Alaska. He said it is almost a stand-alone unit within the Division of Alaska State Troopers.

CHAIR LYNN expressed his desire for Alaska to strengthen its defense against terrorism.

[8:28:13 AM](#)

DEPUTY COMMISSIONER VRABEC indicated that the special unit is made up of members of the Federal Bureau of Investigation (FBI), the Anchorage Police Department, and the U.S. Department of Homeland Security. He suggested committee members may like to meet some of the members of the special unit.

[8:28:36 AM](#)

COMMISSIONER FOLGER added that the room used by the special unit is "wiretap-proof," and he expressed his willingness to show it to members of the committee.

[8:29:09 AM](#)

DEPUTY COMMISSIONER VRABEK said the department holds a high standard for its troopers and has a rigid screening and training process. He said although many people may be interested in becoming a trooper, some of those people change their minds when they discover what is involved in training for the job. In response to Chair Lynn, he said the department does not have a reserve program. He explained that it would be difficult to put someone through that kind of training to then be in reserve status.

[8:30:45 AM](#)

COMMISSIONER FOLGER addressed page 6 of the PowerPoint, regarding the Division of Alaska Wildlife Troopers, which includes a Marine Section and an Aircraft Section. He said there are about 40 vessels larger than 20 feet in length that control Alaska's waterways. He said fisheries for crab and

salmon allow the department to patrol past the three-mile limit out to the 200-mile limit. He noted there are approximately 43 aircraft used within the department, the bulk of which are super cubs. Other aircraft used include five helicopters, two King Air craft, and about six Cessna-type aircraft. He stated that those are necessary patrol vehicles for a state that is largely without road access.

[8:32:34 AM](#)

COMMISSIONER FOLGER, in response to Representative Kreiss-Tomkins, confirmed that DPS does provide air support to the Office of the Governor.

[8:33:12 AM](#)

DEPUTY COMMISSIONER VABREK directed attention to page 7 of the PowerPoint, which lists information about the Division of Statewide Services. He said the division houses many behind-the-scenes staff important to the success of the department as well as other departments across the state. Included within the division is the Criminal Records & Identification Bureau, which houses the Alaska Public Safety Information Network - used daily to gather information and a link to the national system. Also found within the bureau is the Alaska Automated Fingerprint Identification System, uniform crime reporting, the sex offender registry, concealed handgun permitting, and computer support. In response to Chair Lynn, he said current information available from a person's driver's license includes not only the information on the license, any warrants for arrest, and any other past issues, but also information on the national system about a person's activity in any other state. He said the information is confidential and secure; a trooper has to have a reason to use the system. He said depending on connectivity, the response from the system can be available in less than a minute. He reported that the bureau processed over 62,000 fingerprint cards and over 70,000 criminal history records.

[8:37:04 AM](#)

DEPUTY COMMISSIONER VRABEK, in response to Representative Kreiss-Tomkins, offered his understanding that the fee for a criminal background check is \$25.

COMMISSIONER FOLGER, in response to a follow-up question, said he does not know how many \$25 fees were collected. He said, for

example, school bus drivers must have a criminal history records search performed.

DEPUTY COMMISSIONER VRABEK said there are a considerable number of requests made because many small business employers require background checks. In response to Representative Kreiss-Tomkins, he said he could find out the exact number, and added he thinks the department is trying to cover its costs rather than make a profit.

[8:38:59 AM](#)

COMMISSIONER FOLGER added that the automated finger print system is "pretty amazing technology."

[8:39:09 AM](#)

REPRESENTATIVE VAZQUEZ commented that the criminal background checks are essential for many employees in the health sector.

[8:39:39 AM](#)

DEPUTY COMMISSIONER VRABEK directed attention to page 8 of the PowerPoint, which addresses the Division of Fire and Life Safety. He said the state fire marshal is Kelly Nicolello, who oversees deputy fire marshals throughout the state. The division conducts training statewide, develops building codes, and does plan reviews. He remarked that there are a lot of agencies and fire departments in Alaska. He stated that the division sometimes sends investigators to assist in investigations of fires.

DEPUTY COMMISSIONER VRABEK turned to page 9 of the PowerPoint, which addresses the "Scientific Crime Detection Lab." He said the lab receives evidence from every police department in the state.

[8:41:14 AM](#)

CHAIR LYNN recognized there was controversy about the cost of running a crime lab, but emphasized that he has always been in support of the lab.

DEPUTY COMMISSIONER VRABEK responded that some departments are not able to cover the cost, so DPS tries to help out when it can. He stated that in fiscal year 2014 (FY 14), the lab had

received over 4,500 requests and was able to complete over 4,200 of them.

8:42:32 AM

CHAIR LYNN asked if deoxyribonucleic acid (DNA) is collected if someone is convicted or [charged] and whether the lab has a DNA library bank.

COMMISSIONER FOLGER answered in the affirmative. He said depending on the circumstance or crime, that DNA information is added into a national database called the Combined DNA Index System (CODIS). He said most of the DNA information is taken after conviction, although there are some parameters that would set it ahead of conviction, for example, when CODIS solved the Bonnie Craig case.

8:43:43 AM

DEPUTY COMMISSIONER VRABEK offered his understanding that in FY 14, 735 requests [related to DNA] were made, and 632 of those requests were completed.

8:44:17 AM

COMMISSIONER FOLGER, in response to Chair Lynn, said it is difficult to think of an entity with which DPS does not partner.

CHAIR LYNN mentioned an incident regarding the [Alaska] National Guard, and said it seems there may be a breakdown in communication between the military and local law enforcement.

COMMISSIONER FOLGER replied that there certainly is a breakdown in communication, and DPS is addressing the issue.

DEPUTY COMMISSIONER VRABEK said some of Alaska's multiple military installations may fall within a municipality; therefore, it may not always be the troopers that investigate.

8:45:38 AM

DEPUTY COMMISSIONER VRABEK directed attention to page 10, which addresses the Division of Administrative Services (DAS). The division oversees several areas, including finance, budget, human resources, and grants management.

8:46:33 AM

DEPUTY COMMISSIONER VRABEK, in response to Representative Gruenberg, said DPS has full-time staff looking for grant possibilities. He said there are many factors in qualifying for grants. Further, he noted one caveat is that the department may receive money through a grant, but there is no guarantee as to the lifetime of that financial resource.

[8:49:13 AM](#)

KELLY HOWELL, Director, Division of Administrative Services, Department of Public Safety (DPS), in response to Representative Gruenberg, said the division has three staff assigned to grant management. She said they make use of several systems for monitoring federal grants to find out when they are available. One of those systems is called "grants.gov." She said the people in charge of grants sign up for notifications, which can be tailored to the type of grant desired. She said DPS is the state administrating agency for many justice grants, such as the justice assistance grant. She said, "We retain a certain portion of that, as well as sub-grant out to local law enforcement agencies and other agencies for criminal justice purposes." The Council on Domestic Violence and Sexual Assault (CDVSA) is the designated agency to receive federal grants related to domestic violence, sexual assault, and other victims' services grants.

[8:51:17 AM](#)

MS. HOWEL, in response to Representative Keller, said the department was asked to make cut-backs, and it considered that request an opportunity to increase efficiency, maximize the strengths of its employees, consolidate services where possible, and focus its finite resources on its highest priority, which is to provide public safety to the state. She said consideration is being made of vacant positions to determine whether they are critical. The department is looking at certain services it provides that may not be directly related to its mission of providing public safety and determine whether it is the right department for the service or another department or non-profit agency could take it over. She said, "Everything is on the table in terms of trying to identify ... efficiencies ...."

[8:54:13 AM](#)

DEPUTY COMMISSIONER VRABEK returned to the PowerPoint, to page 11, and listed the three councils overseen by DPS: the Alaska

Fire Standards Council (AFSC), the Alaska Police Standards Council (APSC), and CDVSA. He said AFSC is a newer council and trains and certifies fire fighters and emergency medical technicians (EMTs) across the state. The APSC oversees the certification of about 3,000 police and corrections officers. The CDVSA has done incredible work in the state with shelters and grants.

DEPUTY COMMISSIONER VRABEK noted that there are [pie charts on pages 12-15 of the PowerPoint]. He offered to answer further questions.

[8:56:02 AM](#)

CHAIR LYNN expressed the willingness of the committee to assist "the commission."

[8:56:37 AM](#)

REPRESENTATIVE GRUENBERG expressed interested in finding out whether the department is employing the use of more efficient vehicles for emergency response whenever full-size vehicles traditionally used are not necessary.

DEPUTY COMMISSIONER VRABEK said he would check with the fire marshal for information.

REPRESENTATIVE GRUENBERG mentioned Google glasses - glasses that are connected to a computer so that a doctor at a hospital can see what is going on in an ambulance. He suggested it could save lives in remote areas where an ambulance cannot make it to a hospital quickly. He emphasized the need for innovation because of Alaska's small population, lack of trained personnel, and vast geography.

[8:59:27 AM](#)

REPRESENTATIVE KELLER mentioned that the legislature had passed Senate Bill 64. He then referred to [the "Transition Team Conference Report"] and indicated that the transition team had commented on criminal justice reform and brought up the idea of resuscitating the Controlled Substances Advisory Commission.

[8:59:48 AM](#)

DEPUTY COMMISSIONER VRABEK acknowledged that he had also read that, but said the department had not yet spent time discussing the issue.

[9:00:03 AM](#)

REPRESENTATIVE GRUENBERG mentioned a device that is used to allow ambulances and fire trucks to pass through intersections quickly, and said it was installed in Anchorage a few years ago. He offered his understanding that police vehicles could not use the device because they move too fast. He said he would like to hear more about this topic.

COMMISSIONER FOLGER remarked that almost every day there is an article in the paper mentioning a state trooper. He opined that DPS is an important department, and he stated that he loves serving the people of Alaska. He recognized the financial challenges faced by the department and expressed his willingness to work together [with the legislature to find solutions].

[9:01:05 AM](#)

The committee took an at-ease from 9:01 a.m. to 9:05 a.m.

**OVERVIEW(S): DEPARTMENT OF ADMINISTRATION**

[9:05:27 AM](#)

CHAIR LYNN announced that the final order of business was the overview from the Department of Administration.

[9:06:03 AM](#)

CHAIR LYNN noted that a previous member of the legislature had retired and lost his retirement benefits because of "an error on somebody's part someplace." He said he would like to know what can be done to prevent that from happening in the future.

[9:06:48 AM](#)

KATHY LEA, Chief Pension Officer, Central Office, Division of Retirement & Benefits (DRB), Department of Administration (DOA), prefaced her response by explaining that because of confidentiality statutes, she could not discuss the specifics of the case to which Chair Lynn referred; however, she offered to speak about the issue in general terms. She stated, "The pension plans are set up - barring what happened in 2000 that

led us to an unfunded liability - to be self-sustaining." She reviewed that benefits are funded by contributions to the system by the employer and employee, and the investment income on the fund is what pays for "the lifetime of the member." When benefits are paid, she explained, DRB draws first from the member's contribution account, and then from the employer's investment income. She said because the system is designed to be self-sustaining, it has provisions in it for what happens when there are errors in the record.

MS. LEA said AS 39.35.520-.522 covers the Public Employees Retirement System (PERS) and requires the division to recover any overpayment of benefits that occurs because of an error in the record in service reporting, salary reporting, or the computation of benefits. In response to Chair Lynn, she clarified that those errors could be ones made by the retiree, by the employer that reports the information to the division, or errors that are "made in calculation." She said the division has a fiduciary responsibility, as well as the statutory requirement, to reclaim benefits when they have been overpaid.

MS. LEA said there are three steps that a member can take to have redress from an overpayment. There is a waiver provision at the division level contained within AS 39.35.520(b). She recalled three of the four criteria that the member must meet in order to qualify for the waiver: He/she had no way of knowing the benefit was being paid in error; he/she had not supplied the division with erroneous information; the overpayment had been paid for more than two years. If the person does not meet that criteria, there is a second review that is done at the commissioner's level. She said two of the elements are the same, and they are regarding the member not knowing the overpayment was being made and not having supplied the division with false information. In addition, when the case has been brought to the commissioner's review, the person must be able to prove financial hardship. If no waiver is granted under those two provisions, the member is given appeal rights and can present his/her case. If the decision does not go in the favor of the member, he/she will be awarded \$1 in benefit if the repayment is more than what the benefit is, and that is so the member's medical benefit can continue.

CHAIR LYNN surmised that a sudden change to \$1 a month from, for example, \$1,500 a month would constitute a financial hardship.

MS. LEA answered yes, depending on what the person's other assets are.

CHAIR LYNN opined that this is a real problem and asked if a solution exists.

MS. LEA replied that the provisions are in place to keep the system whole. If the state does not collect overpayment of benefits, then it would be adding to the unfunded liability. She reiterated that there are three levels at which a member can present his/her case for waiver, and the overpayment cannot be waived if he/she does not meet that criteria. She stated that the independent arbitrator is the Office of Administrative Hearings, which is where the member can present information showing financial hardship. She said the division is charged with ensuring that its members receive every penny they have earned and accrued, but not one penny more, because the system must be kept sound for the good of everyone in it.

9:13:41 AM

MS. LEA, in response to Chair Lynn, said cases of overpayment "to this extent" do not occur frequently; however, she said there were a rash of cases several years ago that occurred because of a benefit called the "level income option," in which the member receives the bulk of his/her benefit prior to turning sixty five, at which point, when Social Security begins to pay, the PERS pension is reduced. She said a computer conversion resulted in the division missing that conversion date and overpaying those involved for many years. When the division realized what had happened, it had to go back and adjust the benefits of all those who were overpaid for several years. She emphasized that such an occurrence is unusual. The division goes through the three-step process, at which time the members who were overpaid had their redress. She offered her understanding that at the time this occurred, cases went before the Public Employee Retirement Board, and it was determined that a member had reason to know that his/her retirement would be reduced, because he/she had been sent a letter to that effect, but had not notified the division when the payments remained the same.

MS. LEA said there are one or two overpayment cases that the division addresses every month, and they typically are overpayment of Alaska cost of living allowance (COLA), where people leave the state for more than 90 days and do not tell the division.

CHAIR LYNN asked if there is any way to cover the state with insurance in cases where it was the state's responsibility for having made the overpayment and the member was not aware that it was happening.

9:17:30 AM

MS. LEA answered that it would be rare for the same circumstances to come up again where there was a substantial overpayment.

CHAIR LYNN remarked that even though it may be rare, the effect on just one person is marked.

MS. LEA said the division makes a great effort to help people who find themselves in such a situation obtain a waiver. She said under statute, overpayments can be paid back in two ways: a lump sum or through the lifetime of a person's benefit. It may be possible for the division, through the Office of Administrative Hearings, to accept a lesser amount; in some cases, the division will allow the member to make payments so that at some point his/her benefit is restored.

CHAIR LYNN opined that this topic was too complicated to continue during the present overview; however, he said he would like to meet with the division to fix the issue.

9:19:46 AM

MS. LEA, in response to Representative Vazquez, said the aforementioned appeal process can be used to address the collection process, as well as to determine the amount owed. In response to a follow-up question, she added that also during an appeal, the member can challenge a decision that was made regarding the situation not being a financial hardship.

9:20:57 AM

AMY ERICKSON, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), answered a series of questions from Chair Lynn regarding gender identity as it relates to the job of the DMV in issuing driver's and identification licenses. She said a person coming in to the DMV to apply for a driver's license or identification for the first time would need to provide the DMV with his/her legal name, place of birth, sex, and mailing address, along with showing documentation such as a birth certificate or passport in order

to acquire that identification. She said it has happened that a person whose identification showed one sex has relayed another sex to the DMV. If that happens, the DMV would need documentation from a healthcare provider who had changed the person's gender, and the person could provide an amended birth certificate or a new U.S. passport that would show a new gender, and the DMV would honor that.

CHAIR LYNN asked if there was one particular situation that brought this issue to light.

MS. ERICKSON responded as follows:

Back in 2009, a case involved a male-to-female transgendered person who lived as a female, and her passport and medical certificate identified her as female, and she applied for an Alaska license, and her designation was male. And later, ... DMV discovered that when she changed her gender, we didn't have documentation of that change. So, we sent a cancellation of her license and asked that she provide documentation that said that she had had surgery. And it was determined that that was a violation of her privacy and that DMV didn't have any regulation promulgated that would allow us to do that. And so, the court ordered that we promulgate regulations to allow someone to change their gender.

MS. ERICKSON said the regulation was changed within 180 days. In response to Chair Lynn, she said that was in 2012.

CHAIR LYNN asked, "Is any kind of legislation appropriate on this subject in your mind, Ms. Erickson?"

MS. ERICKSON opined that there is no need for legislation.

[9:25:45 AM](#)

SHELDON FISHER, Commissioner, Department of Administration (DOA), began a PowerPoint presentation. He directed attention to slide 2 of the PowerPoint, which illustrates the diversity of the department, and he pointed out that about half of DOA is focused on the public, while the other half serves state agencies. Commissioner Fisher said he started as commissioner on Monday, and he expressed his hope that he would be able to name deputies within the next week. In response to Chair Lynn, he said he would be happy to come back to discuss the subject

brought up by the chair during the overview of DPS, regarding [the method by which the state recoups overpayments to retirees].

COMMISSIONER FISHER said slide 3 shows that DOA serves virtually all of Alaska. He directed attention to slide 4, which lists the following DOA services to the public: the Division of Motor Vehicles; the Division of Retirement and Benefits (DRB), which manages not only the health plan and benefits for retirees, but also the health plan for active members; the Public Defender Agency (PDA) and the Office of Public Advocacy (OPA), both of which are constitutionally mandated to provide public services and have heavy caseloads; the Alaska Public Offices Commissioner (OPOC); the Alaska Oil and Gas Conservation Commission (AOGCC), which does licensing on behalf of the state for the exploration of oil, gas, and geothermal resources; the Alaska Public Broadcasting Commission (APBC), which administers grants for public radio and television; the Office of Administrative Hearings, which is an appeal agency staffed by administrative law judges; and the Violent Crimes Compensation Board (VCCB), which administers some compensation to victims of violent crime.

COMMISSIONER FISHER listed the following DOA services to state agencies, as shown on slide 5: the Division of Finance (DOF), which provides financial, auditing, payroll, and reporting functions; the Division of General Services (DGS), which focuses primarily on management of the state's buildings, as well as its procurement and purchasing process; the Division of Risk Management (DRM), which manages any claims that occur; the Division of Personnel and Labor Relations (DOPLR), which takes care of human resources and labor relations; Enterprise Technology Services (ETS), which is the centralized portion of the IT department; and the Division of Administrative Services (DAS), which takes care of budgeting.

[9:30:39 AM](#)

COMMISSIONER FISHER brought attention to slide 6, which lists core initiatives he identified as being largely driven by the impact on the budget. The first initiative is personnel costs, which include health care, wages, and productivity. He related that in the past, he has had some success in increasing productivity, and he stated his intent to take a leadership role in that function across the administration.

[9:31:50 AM](#)

COMMISSIONER FISHER, in response to Chair Lynn, gave his personal history. He said he was an attorney at law, with a focus on mergers and acquisitions and contract law, primarily in the telecommunications industry. He relayed that in some of his former positions he focused on initiatives to improve the delivery of services at a reduced cost, and he stated that he is looking forward to doing the same in the Department of Administration.

[9:34:09 AM](#)

COMMISSIONER FISHER returned to slide 6 of the PowerPoint. He said the unfunded liability will continue to be a priority, and he said he thinks there are ways to reduce health care costs further. He stated that the State of Alaska needs to continue to drive down the cost of procurement. Currently the cost of procurement is \$280 million. He said the department would like to improve information technology (IT), as well as the management of space utilization. He said he would touch again on the aforementioned points later within the overview.

[9:34:57 AM](#)

COMMISSIONER FISHER directed attention to slide 7, which shows in a graph how the cost of health insurance benefit credit has risen over the last ten years. He offered his understanding that the prior administration was focused on this issue and was able to reduce the cost in the last [couple] years.

CHAIR LYNN noted that there was a considerable jump in costs in FY 11, and he questioned what the cause may have been.

COMMISSIONER FISHER responded that there was a change in the third-party administrator at that time.

[9:35:39 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked how Alaska's health care costs compare to the national baseline cost.

COMMISSIONER FISHER answered that he does not have that information, but the reduction in costs was driven by a couple primary factors. One is that Alaska expanded its network, thus gaining access to a better network of doctors at a lower cost. He estimated that change has generated approximately \$50,000 in savings. Notwithstanding that, Alaska continues to have fairly expensive health care. He said the administration is examining

techniques that it could employ as one of the larger health care providers to bring more savings to the state.

9:37:06 AM

COMMISSIONER FISHER moved on to slide 8, which lists bargaining contracts through DOPLR. Under ["Contracts That Expire on June 30, 2014"], he noted that the Marine Engineers' Beneficial Association (MEBA) and Masters, Mates and Pilots (MMP) have not been finalized; therefore they would still exist. From those contracts listed [under "Contracts That Expire on June 30, 2015"], he noted that Public Employees, Local 71 (LTC) and the Teachers' Education Association of Mt. Edgecumbe (TEAME) are two contracts that DOA will be negotiating in the coming year. He said the department has a tentative agreement with the Alaska Correctional Officers Association. He said the contracts will be important in the process of looking for savings and managing labor challenges.

9:38:12 AM

COMMISSIONER FISHER said slide 9 shows a projected "bubble" increase in the number of retirees over the next 70 years, which he explained is driven primarily by the number of retirees that will be "hitting the system." He said the graph emphasizes the urgent need to reduce costs as quickly as possible. Commissioner Fisher directed attention to slide 10, and he reviewed that the legislature had approved a lump-sum \$3 billion payment into the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS) to help drive down the unfunded liability. Currently, he said, \$2 billion of that has been paid, and he offered his understanding that the last \$1 billion would be paid shortly. He said the payment has changed the trajectory in terms of the amount of contribution the state is required to make, approximately \$250,000 a year; however, that number is still "dramatic and substantial."

COMMISSIONER FISHER showed slide 11, regarding multi-department contracts awarded by the Division of General Services (DGS). He explained that the contracts save the state almost \$60 million. He turned to slide 12, which shows the Integrated Resource Information System (IRIS) that allows DOA to manage purchasing across the state to validate and ensure it is complying with the large contracts and getting the savings it expects. He indicated that IRIS would be incorporated into the Division of Finance & Procurement by the summer of 2015, and into Human Resources and Payroll about a year later.

9:41:00 AM

COMMISSIONER FISHER directed attention to slide 13, which outlines Enterprise Technology Services (ETS) and Information Technology (IT) cost issues. He explained that currently a portion of the IT function is centralized in ETS. For example, the administration spends approximately \$218 million on IT functions, and about \$38 million of that is within ETS. The department is currently working through proposals - some of them from the legislature - to determine how to improve IT services. He said that will come from both strengthening the centralization function while leaving some flexibility within the organizations to ensure that their services are needed.

9:42:29 AM

COMMISSIONER FISHER, in response to Representative Kreiss-Tomkins, said he would be taking a leading role in the determination, because he has worked around technology enough to have an understanding of the issues surrounding it. Further, he said he intends to "leverage capabilities" throughout the organization. He stated his intent to bring together many people to corroborate and come up with a valuable solution. In response to a follow-up question, he confirmed that he has given thought to a centralized function, and the department is considering whether it would be appropriate to have a cabinet-level position to serve that function. He stated that he thinks a centralization function is necessary in order to provide a framework and reduce costs; however, he said there would be areas where the expertise should remain in certain departments that know their own needs. He said DOA is under obligation to make a recommendation to the legislature, and he estimated that it would have the information ready within a month.

9:46:18 AM

REPRESENTATIVE VAZQUEZ brought up two issues: First, she noted that when she worked for the commissioner of the Department of Health and Social Services (DHSS), a survey conducted by IT showed that the Division of Senior & Disability Services used 32 databases. She suggested that it may be fruitful for DOA to investigate and consolidate in that area. Second, she mentioned the Medicaid system and said it would be interesting to find out why two contractors have failed in the last 15 years.

9:48:27 AM

COMMISSIONER FISHER, in response to Representative Vazquez, confirmed that the "FY 13" shown on slide 11 was a typographical error that should instead read "FY 14." In response to another question related to slide 7, he said the State of Alaska has done better than the national average in terms of increases; however, "as an absolute dollar level," the State of Alaska is still higher than the Lower 48. He said he does not know how the State of Alaska's increases or absolute numbers compare to other insurers in the state, but said he would look into that. He said personal experience with other employers in Alaska indicates that "these numbers actually look pretty good - for Alaska." He said the State of Alaska has a problem with the cost of health care [benefits], and that is one area where improvement can be made.

COMMISSIONER FISHER, in response to Representative Vazquez, acknowledged that security is a huge issue; it is challenging to balance the need for security with the need for access and flexibility. He said DOA is currently performing a review, and he does not have any recommendations that vary greatly from what is already being done.

REPRESENTATIVE VAZQUEZ asked if there is any way DOA could coordinate with other state governments in terms of security practices.

COMMISSINER FISHER responded that that is a good suggestion.

REPRESENTATIVE VAZQUEZ stated that although she realizes there needs to be a central operation, she has always appreciated the availability of IT assistance that could arrive within five minutes to solve a problem.

[9:53:19 AM](#)

COMMISSIONER FISHER concurred. He gave an example of having shared datacenters as a way to save money and have a more secure system.

REPRESENTATIVE VAZQUEZ indicated that IT staff, in general, serve the state well.

[9:55:12 AM](#)

REPRESENTATIVE KELLER remarked that the database struggle has been going on for a long time. He said the concern over

security has slowed down the centralization of databases. He said the Constitution of the State of Alaska guarantees the right to privacy, and it is the job of the legislature to determine how that right will be upheld in statute.

[9:56:41 AM](#)

COMMISSIONER FISHER directed attention to slide 14 of the PowerPoint, which addresses universal space standards (USS) that DGS has been adopting in order to reduce the footprint of each worker. He reported that the department is "putting a little pause" on its efforts, because it has received "a fair amount of pushback from the represented workforce." He indicated that DOA wants to engage those people to gain their input because it does not want to spend money on a new system and discover it does not work. He said one of the strategic objectives of DOA is to be more efficient in how it manages and leases its spaces.

COMMISSIONER FISHER turned to slide 15, which shows the results of the surveys DOA regularly conducts to determine the customer service ratings of various elements of service it renders within certain divisions.

CHAIR LYNN expressed his appreciation for the overview, and asked that Commissioner Fisher follow up on the concerns expressed by the committee.

[9:59:18 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:59 a.m.