

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 31, 2016

9:01 a.m.

**MEMBERS PRESENT**

Senator Bill Stoltze, Chair  
Senator John Coghill, Vice Chair  
Senator Charlie Huggins  
Senator Bill Wielechowski

**MEMBERS ABSENT**

Senator Lesil McGuire

**COMMITTEE CALENDAR**

SENATE BILL NO. 144

"An Act relating to relocation assistance for federally assisted projects and programs; and providing for an effective date."

- MOVED SB 144 OUT OF COMMITTEE

SENATE BILL NO. 171

"An Act relating to the duties of the Department of Administration; relating to payment of judgment against the state; relating to pre-audit of claims; relating to travel costs and travel outside the state; repealing authorization and administration of the Department of Administration to make advances to the University of Alaska; and repealing the United States savings bond purchase plan."

- HEARD & HELD

SENATE BILL NO. 194

"An Act relating to a veteran's designation on an identification card or a driver's license for Lao and Hmong veterans."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 144

SHORT TITLE: RELOCATION ASSISTANCE FOR FED. PROJ/PROG

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/19/16 (S) READ THE FIRST TIME - REFERRALS  
01/19/16 (S) STA, FIN  
03/17/16 (S) STA AT 9:00 AM BUTROVICH 205  
03/17/16 (S) Heard & Held  
03/17/16 (S) MINUTE(STA)  
03/31/16 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 171

SHORT TITLE: DOA PAYMENTS; REPEAL OTHER DOA DUTIES

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/05/16 (S) READ THE FIRST TIME - REFERRALS  
02/05/16 (S) STA, FIN  
02/18/16 (S) STA AT 8:30 AM BUTROVICH 205  
02/18/16 (S) Heard & Held  
02/18/16 (S) MINUTE(STA)  
03/24/16 (S) STA AT 9:00 AM BUTROVICH 205  
03/24/16 (S) Heard & Held  
03/24/16 (S) MINUTE(STA)  
03/31/16 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 194

SHORT TITLE: LAO/HMONG VETERAN DRIVER'S LIC. & ID CARD

SPONSOR(s): SENATOR(s) WIELECHOWSKI BY REQUEST

02/22/16 (S) READ THE FIRST TIME - REFERRALS  
02/22/16 (S) STA, FIN  
03/31/16 (S) STA AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

HEATHER FAIR, State Right-of-Way Chief  
Alaska Department of Transportation and Public Facilities  
Juneau, Alaska

**POSITION STATEMENT:** Addressed questions regarding SB 144.

SHELDON FISHER, Commissioner  
Alaska Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Provided a sectional analysis of SB 171.

DANIEL GEORGE, Staff  
Senator Bill Stoltze  
Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Provided information on SB 171 and the committee substitute for SB 194.

MYRON DOSCH, Controller

University of Alaska

Fairbanks, Alaska

**POSITION STATEMENT:** Addressed the managed travel program and concerns regarding SB 171.

NANCY MEADE, General Counsel

Alaska Court System

Anchorage, Alaska

**POSITION STATEMENT:** Discussed the Court System fiscal note and concerns related to SB 171.

PASERT LEE, representing himself

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 194.

ARTHUR YANG, representative

Hmong-Alaska U.S. Special Guerrilla Unit Corporation

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 194.

PAMELA BEALE, Chair

Alaska Veterans Advisory Council

Alaska Department of Military and Veterans' Affairs

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 194.

BOB DOEHL, Deputy Commissioner

Alaska Department of Military and Veterans' Affairs

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 194.

VERDIE BOWEN, Director

Office of Veterans Affairs

Alaska Department of Military and Veterans' Affairs

Anchorage, Alaska

**POSITION STATEMENT:** Addressed SB 194 and provided details regarding the process for Hmong veteran honorable-service designation.

BROOKE IVY, Staff

Senator Bill Wielechowski

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Answered questions regarding SB 194.

**ACTION NARRATIVE**

[9:01:35 AM](#)

**CHAIR BILL STOLTZE** called the Senate State Affairs Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Wielechowski, Coghill, Huggins, and Chair Stoltze.

**SB 144-RELOCATION ASSISTANCE FOR FED. PROJ/PROG**

[9:02:13 AM](#)

**CHAIR STOLTZE** announced the consideration of SB 144. He noted that the bill was previously heard in committee. He asked Heather Fair from the Alaska Department of Transportation and Public Facilities (DOT) if she recalled the questions posed to her regarding issues from past DOT projects.

[9:02:30 AM](#)

**HEATHER FAIR**, State Right-of-Way Chief, Alaska Department of Transportation and Public Facilities (DOT), Juneau, Alaska, noted that DOT had submitted a response letter to the committee's questions that were posed on March 17. She noted that the committee asked numerous questions regarding historical right-of-way acquisitions that may have impacted Alaskan families and businesses. She detailed that some of the information was specific to relocations in the Eagle River area [circa late 1980s]. She noted that SB 144 focuses on relocation assistance rather than acquisition. She summarized that some of the challenges DOT faced were due to changing economic times.

**CHAIR STOLTZE** said the question posed to DOT was an example that occurred during the state's last major economic downturn. He said he was not trying to say that the state was going to have a downturn, but admitted that a lot of the indicators signal the possibility. He explained that there was a major federally-funded state-participatory project in Eagle River at a time when there was an economic downturn. The majority of property owners had negative equity in their property and DOT was innovative in trying to assist them. Many of the property owners were relocated to other economically distressed, but physically sound homes. He specified that the ability to relocate to other homes was a mechanism that helped. He opined that the example he posed

was a dynamic that could possibly occur again due to a right-of-way acquisition through eminent domain. He asked Ms. Fair if he had left anything out from the Eagle River situation.

9:04:45 AM

MS. FAIR answered no. She said she believed that Chair Stoltze covered the situation well.

CHAIR STOLTZE noted that the committee asked DOT about the Alano Club. He detailed that the Alano Club was a civic organization that was involuntarily moved and the club found themselves in a similar situation regarding the cost of a new building. He noted that the Alano Club had taken pride in eschewing all government funding. He asked Ms. Fair if she could share additional information on the Alano Club.

MS. FAIR explained that DOT did not have specific information on the Alano Club due to the length of time that passed. She concurred that the Alano Club was a community organization that needed to be relocated due to a project. She pointed out that the Alano Club was an example that dealt mostly with an acquisition at a price differential between what was paid for their property and an acceptable substitute property that they could acquire. She pointed out that SB 144 assists in price differentials and the new federal rules provide for a larger differential between what was paid for the property that DOT acquires and the new piece of property the owner acquires. She reiterated that DOT was asking for the state to authorize DOT to pay the higher maximums to Alaskan families and businesses.

CHAIR STOLTZE explained that Alano Club was ultimately made whole through assistance in the capital budget rather than from DOT. He asked Ms. Fair to verify that SB 144 has the mechanics to assist on a relocation.

9:06:46 AM

MS. FAIR answered correct. She detailed that DOT has new maximums and more available agreements with its funding partners. She said DOT tries to find innovative ways to get federal participation for higher unexpected amounts. She summarized that DOT works on a case-by-case basis in addition to working closely with its funding partners to assist so that no one is in a worse position due to involuntarily relocation.

SENATOR WIELECHOWSKI noted that Section 6 in SB 144 makes the act retroactive to October 1, 2014. He asked how much the

retroactive act would cost the state and who would be the recipients of any retroactive payments.

MS. FAIR concurred that SB 144 has a retroactivity provision. She explained that only a handful of affected parties to date would be eligible for potentially higher amounts based on the new maximums. She detailed that the state's share for the retroactive payments were estimated to be about \$12,000. She summarized that very few folks have come into retroactive eligibility.

[9:08:40 AM](#)

SENATOR WIELECHOWSKI asked if the October 1, 2014 retroactive date was tied to a federal statute.

MS. FAIR answered yes.

CHAIR STOLTZE noted that the federal government's fiscal year starts on October 1.

MS. FAIR answered correct.

SENATOR WIELECHOWSKI asked how many individuals would receive the \$12,000.

MS. FAIR replied that the retroactive provision effects more than one party, but she did not know the exact number.

CHAIR STOLTZE remarked that tying in real-life circumstances makes a piece of legislation like SB 144 more relevant. He admitted that he hates to talk about economic depressions and people being "upside down." He thanked DOT for their indulgence and patience with the committee in fleshing out the legislation. He summarized that no changes were made to the bill and the committee thoroughly discussed the fiscal note.

[9:10:16 AM](#)

SENATOR COGHILL moved to report SB 144, [29-GS2709\A], from committee with individual recommendations and attached fiscal note.

[9:10:25 AM](#)

CHAIR STOLTZE announced that without objection, SB 144 moves from committee.

[9:10:31 AM](#)

At ease.

**SB 171-DOA PAYMENTS; REPEAL OTHER DOA DUTIES**

9:13:15 AM

CHAIR STOLTZE called the committee back to order and announced the consideration of SB 171. He noted that the committee had previously adopted the committee substitute (CS) as the working document. He noted that the Alaska Department of Administration (DOA) had four days to a week to look at SB 171 as well as the University of Alaska and the Alaska Court System. He asserted that the committee's intent was to have an open and deliberative process. He revealed that two possible amendments were on the table and people wanted to see them. He specified that he did not want to offer amendments until after the committee had heard from the Alaska Court System regarding their exclusion from the bill.

9:14:15 AM

SHELDON FISHER, Commissioner, Alaska Department of Administration, Juneau, Alaska, announced that he would walk through the bill as currently structured to reflect some of the original requests DOA made as well as some of the additions from the committee.

He explained that Section 1 was part of DOA's original request. He detailed Section 1 as follows:

Section 1 is really intended to adopt language which reflects the way we currently do business. Historically or at least at some point in the past, these court actions would come to the Department of Administration for processing. Today the clerk of the court sends the judgement to the attorney of record; that attorney of record will then work directly with the department that is impacted by it to decide whether it's appropriate to appeal that or to pay that, unless this is an issue for the Department of Administration. We are really not in the loop and so it's really an intent to clean up the language to reflect how we currently do business.

He specified that Section 2 was added by the committee to mandate the University of Alaska use DOA's managed travel program to make their travel arrangements. He stated that rather than working directly with DOA, the University of Alaska would

leverage DOA's contract and establish their own arrangements with carriers as well as a third party.

CHAIR STOLTZE specified that the committee's intent was to increase the volume and the efficiencies and not to micro-manage. He stated that the committee would be deferential to DOA's suggestions to make the travel program work.

9:16:26 AM

SENATOR WIELECHOWSKI asked that Commissioner Fisher explain DOA's managed travel program. He inquired how online travel websites differed from the managed travel program. He inquired if DOA needed a managed travel program.

COMMISSIONER FISHER explained that the managed travel program was important because DOA negotiates savings with the carriers. He detailed that DOA reaches out to Alaska Airlines and Delta Air Lines on travel with any material amount of volume and negotiate a concession.

CHAIR STOLTZE asked if a concession was negotiated for the Anchorage to Juneau route.

COMMISSIONER FISHER explained that DOA gets a concession on the Anchorage to Juneau route. He conceded that getting concessions on noncompetitive carrier routes was tough. He asserted that the savings from carrier concessions was more advantageous than from online travel websites. He added that one of the challenges any large organization has in managing travel is how to deal with changes, particularly tickets from cancelled trips. He stated that the centralized managed travel program allows DOA to reduce costs and capture some opportunities.

9:18:33 AM

SENATOR WIELECHOWSKI asked if DOA's managed travel program has the ability to take advantage of sales. He noted that Alaska Airlines has weekly sales as well as their Permanent Fund Dividend (PFD) sale. He pointed out that conferences negotiate hotel room rates, but travel websites have much cheaper rates.

COMMISSIONER FISHER answered yes and detailed that DOA negotiated discounts off of its promotional rate during sales. He revealed that DOA was doing an audit to confirm the savings that the department believed it was receiving.

COMMISSIONER FISHER specified that DOA submitted a request to make two minor changes to the definition of the managed travel

program. He detailed that the request asks that "approving and reimbursing" be deleted. He specified that DOA's online managed travel program was a research and purchasing system that does not include approval or reimbursement.

9:20:16 AM

He explained that Section 3 was parallel to Section 2, but rather than applying to the University of Alaska, the section applied to the Alaska Court System. He said to DOA's knowledge, the University of Alaska did not give any comment, but the Alaska Court System did suggest that the managed travel program would increase their travel costs. He set forth that DOA believes that after analysis the savings that DOA negotiated were an advantage to the state as compared to using miles. He reiterated that the managed travel program also provides the ability to track cancelled tickets and other travelers' behavior. He noted that DOA received the Alaska Court System's fiscal note the previous day. He stated that DOA did not completely agree with the Alaska Court System's assumptions, but DOA was not in a position to comment on the purported savings. He admitted that the Alaska Court System did have a different travel profile with extensive travel to rural locations and disclosed that DOA's ability to negotiate savings on rural routes was more limited. He said DOA would work with the Alaska Court System to understand whether or not the managed travel program has value to them.

9:21:49 AM

He detailed that Section 4 was DOA's original request. He noted that there had been questions regarding Section 4 on why the department would eliminate the need to audit. He set forth that DOA's goal was not to change the notion of having adequate financial controls over the payment system.

He explained that DOA was attempting to modernize the statutory language to the department's financial system and the way it does business. He revealed that the sections dated back to the 1950s when everything was brought centrally to DOA as part of the process of processing an invoice for payment. He detailed that DOA would look at the approval authority and then the department would audit those as one of the steps to paying a bill. He revealed that DOA currently uses the Integrated Resource Information System (IRIS) to largely decentralize the previous noted functions into a straight-through processing of invoices; for example, a vendor goes online and wins a contract, an administrator goes into the same system and places an order, a purchase order is generated, after receiving the order a

receipt is recorded online and the invoice goes into an accounts payable process where the payment is made by the same people who are closest to the transaction.

COMMISSIONER FISHER summarized that Section 4 would allow DOA to modernize the department's financial controls around processing payments with the important elements of appropriate authorization and segregation of duties so that people are not both.

[9:24:09 AM](#)

DANIEL GEORGE, Staff, Senator Stoltze, Alaska State Legislature, Juneau, Alaska, noted that the question of financial controls was raised in a previous hearing on SB 171 and Commissioner Fisher addressed the query with a letter that will be distributed to committee members and be part of the legislative record.

COMMISSIONER FISHER explained that Section 5 was added by the committee and would require the central accounting system to be placed on the website. He said DOA thinks that placing the central accounting system on the website was appropriate and the department had no concerns.

CHAIR STOLTZE announced that he would have to excuse himself to address a bill in another committee.

[9:25:08 AM](#)

VICE-CHAIR COGHILL announced that he would chair the committee.

COMMISSIONER FISHER disclosed that DOA submitted a fiscal note associated with Section 6. He stated that as a matter of principal, DOA would embrace and agree with the requirements established in Section 6. He detailed that Section 6 would enhance disclosure and financial information for Alaskans to have easier access.

He explained that there are two requirements in order for DOA to meet the language in Section 6:

1. Purchase a software system.
2. Personal services are required to meet the schedule.

He specified that DOA started disclosing financial information in 2008 in a fairly rudimentary way where PDF or Excel documents were posted on a website. He noted that the state received a "C grade" for transparency at the time, but the state currently

receives an "F grade." He explained that the current transparency grade was due to increased expectations and standards, not for a change in disclosures. He detailed that the software licensing program would cost \$81,000 a year. He said DOA thinks the software would provide the search ability, graphing capabilities and information that has become expected by the public. He noted that the fiscal note includes the cost of the software.

COMMISSIONER FISHER said the second requirement was personal services to meet the schedule. He explained that the Division of Finance was in the midst of implementing IRIS and DOA was working on a human resources (HR) system module. He stated that DOA cannot meet the schedule in Section 6 without additional resources. He revealed that the combined cost for FY17 and FY18 would be approximately \$460,000 and \$463,000. He said after FY17 and FY18, the cost trails off to a couple of hundred thousand dollars on a longer term basis.

[9:28:26 AM](#)

SENATOR WIELECHOWSKI noted that the governor said he was going to be working on updating the system after the state received the "F rating." He asked if the updating would use current resources or has the governor put in a request for increased resources.

COMMISSIONER FISHER explained that when DOA first launched IRIS, the financial information that the department historically disclosed was removed in order to facilitate getting the system up. He added that DOA has returned to posting the financial information. He detailed that the software DOA was talking about has three modules and each module is roughly \$28,000: one is for expenses, one is for human resources, and one is for revenue. He reported that DOA believes that moving from an "F rating" to a "C rating" would be achieved by merely implementing the expense module that would result in better interface that is more searchable and graphical. He said DOA believes that the department can absorb the \$28,000 cost for one module within its budget, but to go beyond with the required appropriation and personnel information in addition to the added work would require the additional [resources.]

[9:30:56 AM](#)

SENATOR WIELECHOWSKI noted that exactly the same provision went through the Senate and House in 2008. He detailed that the provision was highly vetted by both finance committees, but the provision literally died on the last day of the session. He

pointed out that the exact same provision in 2008 had a zero fiscal note, but DOA's current fiscal note was \$400,000.

COMMISSIONER FISHER speculated that the 2008 implementation was done by merely posting PDF or Excel files on a website. He explained that the search ability and graphical interphases are what is expected. He added that if DOA could take on the additional work, then the bill would not be burdened with a fiscal note; however, due to a combination of departmental cuts and the IRIS launch, DOA cannot meet the schedule with its current resources. He stated that he was willing to have a conversation on what DOA could do with its resources with a pushed out schedule; but, DOA was not in a position to schedule the work without impacting the IRIS and human resources projects.

[9:33:37 AM](#)

SENATOR WIELECHOWSKI stated that Commissioner Fisher was obviously aware of the state's fiscal situation. He surmised that the committee would try and lower the fiscal note as low as possible. He asked that Commissioner Fisher meet with committee members afterwards to address how to dramatically lower the fiscal note.

COMMISSIONER FISHER replied that he would be happy to oblige Senator Wielechowski's request.

SENATOR COGHILL asked when the IRIS project started, what was the cost, and did DOA contemplate adding modules at that time.

COMMISSIONER FISHER replied that DOA did not contemplate adding the modules as part of the IRIS project. He revealed that the IRIS project was on time and on budget. He added that DOA should start seeing increased benefits from the value of IRIS.

CO-CHAIR COGHILL asked that Commissioner Fisher address the fiscal note.

[9:35:37 AM](#)

COMMISSIONER FISHER admitted that he did not think DOA could get away from the software. He detailed that the fiscal note that DOA proposes would implement the modules in three successive years as follows:

1. July 1, 2017: expenditure module's transactions would be up and functioning, FY17: \$27,000.
2. January, 2019: employee-payroll module, FY18: \$54,000.

3. 2020: revenue-transactions module, FY19: \$81,000.

COMMISSIONER FISHER pointed out that the \$81,000 starting in FY19 would continue to be ongoing. He said DOA would work hard to strive and beat the projected dates, but the department was confident with its current resources that the changes could be implemented. He believed that getting the expenditures up with the new software module would move the state from an "F rating" to a "C rating." He added that he was not proud of a "C rating," but a "C rating" was better than kind of being the worst in the country. He added that the changes would move the state on a path of improving going forward.

VICE-CHAIR COGHILL pointed out that the State Affairs Committee was not the Senate Finance Committee, but the committee would still have to deal with the fiscal note.

9:37:40 AM

COMMISSIONER FISHER reported that Section 7 and Section 8 were originally submitted by DOA. He added that there was no longer a "tourist class" designation and the language would be revised to "lowest fare available."

He detailed that DOA was repealing some sections in Section 9. He explained that DOA used to facilitate the purchase of U.S. Savings Bonds by employees, but the federal government had moved to an electronic system and the state no longer facilitates the purchase of U.S. Savings Bonds.

He noted that a pending amendment would address sections that minimize the fiscal note by pushing dates out. He added that pushing the dates out could help DOA reduce the need for personnel in the near term. He informed that DOA proposed some amendments consistent with the fiscal note that the department previously presented, but a broader conversation ought to occur regarding the dates for a revised fiscal note.

VICE-CHAIR COGHILL asked Mr. George to address amendments that Chair Stoltze proposed.

9:39:34 AM

MR. GEORGE explained that one of the amendments would extend the implementation of the online checkbook by three months. He detailed the date changes in sections 10 and 11 as follows:

1. Section 10: changes from October 1, 2016 to January 1, 2017.

2. Section 11: changes from October 1, 2017 to January 1, 2018.

MR. GEORGE stated that he believed Commissioner Fisher said the date changes from the amendment more aligns with the Comprehensive Annual Financial Report (CAFR). He noted that committee members expressed a desire to know the statutes' origin that were being repealed and their historical significance when they were enacted. He explained that a document was prepared by the committee that details the statute information.

He said another document specifically addressed the repeal in Section 9 of AS 37.10.088. He revealed that the bill that enacted AS 37.10.088 dealt with putting the university system under the Executive Budget Act and the Fiscal Procedures Act. The bill was signed by Steve Cooper, House Finance chair at the time about the importance of putting the university under the state's fiscal management systems. He opined that the document was timely given the other provisions that were added to the bill in the CS regarding the university and the travel system.

He summarized that the committee has fiscal notes from DOA and the Alaska Court System, but the university system did not submit a fiscal note. He noted that the president of the university system had submitted a letter to the committee.

[9:41:37 AM](#)

SENATOR HUGGINS remarked that he saw SB 171 as a bill from the governor. He noted that had heard that the [online checkbook] was down. He asked Commissioner Fisher to confirm that the "checkbook" was consciously taken down and not due to a malfunction to the system.

COMMISSIONER FISHER replied that the "checkbook" was taken down during the IRIS implementation and the decision was conscious.

SENATOR HUGGINS asked if the "checkbook" was down for a period of time for a malfunction.

COMMISSIONER FISHER answered that the only time DOA was aware that the "checkbook" was down was the period after the IRIS implementation due to the financial system having to be moved. COMMISSIONER FISHER specified that DOA was making sure that confidential information was not exposed.

SENATOR HUGGINS reiterated that the SB 171 was a governor's bill. He pointed out that the state's enterprising agencies have separated themselves over time further and further. He asked if he was being unreasonable in requesting that in the spirit of cooperation that something substantive be done while the committee had the governor's bill.

COMMISSIONER FISHER answered no. He said there was nothing in the bill that, as a matter of principal, DOA was opposed to. He added that DOA even supported the issues around Section 6. He asserted that DOA thinks that the issues around Section 6 was exactly where the state should go and DOA would work with Senator Huggins to find a way to get there.

VICE-CHAIR COGHILL opened public testimony.

9:44:40 AM

MYRON DOSCH, Controller, University of Alaska, Fairbanks, Alaska, stated that his comments pertained to the language in SB 171 where the university would be required to use DOA's managed travel program. He said in principal, the university does not disagree with using State of Alaska contracts to garner savings and efficiency. He pointed out that the bill's intent was to save money and noted that the president for the University of Alaska sent committee members a letter that detailed the university's efforts over the last several years to decrease travel. He detailed that the university has reduced travel by \$3.6 million or 20 percent since FY12.

He said the university respectfully requests for the opportunity to evaluate and decide on the best options for its travel program. He stated that the university believes that using the State of Alaska contracts, specifically the negotiated contracts, would be better for the university.

He opined that there were three pieces to the managed travel program: negotiated contracts with the airlines; contact with a travel agency, U.S. Travel, with the use of a booking-tool interface; and travel expense management. He noted that the university agreed with Commissioner Fisher regarding the amendment to remove the words "approving" and "reimbursing" from the travel expense management side.

MR. DOSCH disclosed that the university started a working group in January 2016 to evaluate booking-tool options between the state's booking-tool systems and some other third party. He detailed that the evaluation would be based on the university's

needs. He revealed that a report was forthcoming within the next month. He added that a legislative audit was going on for both the state and the university as well.

He remarked that his concern pertained to the unintended consequences that could occur if the language within the bill stayed the same. He pointed out that one issue may occur if the university was required to use the same corporate card system as the State of Alaska. He noted that the university has existing contracts for its corporate card. He added that connectivity may be an issue if the university was required to use the state's IT system.

He summarized that the university was on the same page with regard to saving money. He declared that the university would look at using the State of Alaska contracts. He reiterated that the university would want the opportunity to evaluate the booking-tool aspect, needs assessment, procurement process, and the travel and expense reporting. He added that the university would look at the state's system as well.

[9:50:51 AM](#)

VICE-CHAIR COGHILL commented that one of the questions would be how to dovetail the managed travel program with the university. He asked Commissioner Fisher if he had any comments.

COMMISSIONER FISHER answered no. He stated that DOA agreed with Mr. Dosch's assessment on different financial systems regarding different corporate cards. He said having the university manage its own travel made sense by leveraging DOA's contracts. He set forth that DOA would be pleased to work with the university to explain how the program works and what they need to do to take advantage of it.

SENATOR HUGGINS reiterated that SB 171 was a governor's bill. He asked Commissioner Fisher to confirm his perception that there was not a lot of connectivity between what he was reading in the bill and the parties involved. He remarked that the maturation was occurring at a slow rate.

[9:52:35 AM](#)

COMMISSIONER FISHER confirmed that SB 171 was a governor's bill, but pointed out that the sections on travel were added by the committee. He asserted that DOA did not have an objection to the sections that the committee had added. He stated that DOA would be happy to take the sections and work with the university to ensure that the pieces fit together. He pointed out that the

sections that the most time was spent on were added by the committee. He said DOA was trying to be responsive to the committee's desire and the department supported the direction.

SENATOR HUGGINS responded that Commissioner Fisher's statement made his point perfectly where the committee asking for something has lots of ramifications. He asserted that his preference 100 percent of the time was the university knows what's best for them and DOA knows what best for the state from the administration standpoint. He said integration should not be left up to the people sitting in the committee to say, "We have a good idea too," so that the committee was not spending an inordinate amount of time to just integrate a system a little bit. He set forth that processing tickets, but not proving them was pretty simple and not rocket science. He requested that travel management not be belabored for a long time if the number of implications were not thought through.

VICE-CHAIR COGHILL commented that part of the committee's process was trying to get the integration information in front of everyone and testimony was important. He asked that the Alaska Court System testify before the committee. He thanked the university and noted their willingness to work, but admitted that there were some "gears" that need to work together for the integration to get done.

[9:55:04 AM](#)

NANCY MEADE, General Counsel, Alaska Court System, Anchorage, Alaska, stated that her intent was to explain their fiscal note. She said the Alaska Court System did a cost-comparison analysis of using the state travel office versus the current system, and they found that using the state travel office would cost the Alaska Court System over \$43,000 more.

She explained that the Alaska Court System travels differently from what the executive branch does. She set forth that the Alaska Court System has controls in place that provide better travel-dollar value than using the state travel office. She stated that the financial staff tries to ensure that the court system was doing is most cost effective. She added that much of the court system's travel was juror travel to remote locations that are not covered by the state office. She informed that DOA does have a contract with Raven Air where some juror travel would be covered, but about two thirds would not be covered.

MS. MEADE detailed that the Alaska Court System was small with only 750 employees and only 200 that travel with approximately

50 that travel more than once a year. She noted that a clerk may travel once a year to a conference and judges may travel more often to cover hearings in remote places.

She explained that the Alaska Court System does use the DOA's programs for other things to be cost effective like supply issues, leasing copiers and other things like that when using IRIS; however, she reiterated that the court system confirmed that their best travel value was attained without using the state's travel office.

She disclosed that lower travel costs were attributed to the use of PFD fares that were not covered by the state travel office, charging all tickets through EasyBiz, and using the court's Alaska Airlines Visa card. She detailed that the court system was earning three air-miles for every dollar spent on Alaska Airlines. She specified that tickets over \$800 use the mileage account to cover the difference above \$800. She added that people are required to go through the court system's sole travel person.

She summarized that the fiscal noted detailed that the fees the court system would pay the state travel office offsets almost completely and almost an exact wash with what might be saved by getting the negotiated Alaska Airlines fares. She remarked that Alaska Court System's main impact was the \$40,000 savings realized from the mileage program.

10:00:04 AM

VICE-CHAIR COGHILL commented that the Court System has been very frugal.

SENATOR WIELECHOWSKI pointed out to Commissioner Fisher that the Alaska Court System may have a better plan than DOA.

COMMISSIONER FISHER reiterated that he was not prepared to talk about the nuances of what the Alaska Court System does and how it related to DOA. He said DOA believes that some of the court system's assumptions were different than DOA's practice experience. He pointed out that a change occurred during the current year where PFD fares were included by the travel management program. He remarked that he does not necessarily disagree with anything that the Alaska Court System said. He concurred that the court system had a different travel profile with more trips to rural markets. He pointed out that rural destinations were places that DOA did not have a lot of value to add. He disclosed that DOA had found in its analysis that the

managed travel program does better with negotiated discounts than miles. He said he would be pleased to review his remarks and provide examples.

VICE-CHAIR COGHILL pointed out that the State of Alaska travel budget was about \$19 million with the court system at \$1.7 million. He stated that he was surprised that the court system could run the \$1.7 million through a singular credit card.

MS. MEADE explained that the court system's credit card limit was \$50,000 and payments were made weekly. She admitted that making weekly credit card statements may not be a realistic option for the executive branch.

VICE-CHAIR COGHILL remarked that Ms. Meade's remarks provided a good explanation. He said an amendment was on the table that may include the university, but not the court system for the reasons that Ms. Meade explained.

[10:02:42 AM](#)

MS. MEADE reiterated that the court system was able to confirm that through comparison analysis that their own travel program was more cost effective than DOA's managed travel program.

SENATOR HUGGINS asked if DOA's managed travel program tracked individual travel that provided an alert if someone was traveling too much.

COMMISSIONER FISHER explained that DOA did not necessarily monitor whether a person was traveling too much. He specified that DOA has a set of rules around fares; for example, booking fares that were not the lowest-class fare would result in a notice. He remarked that DOA does publically report travel by the commissioners and the governor's office. He added that DOA also provides departmental reports. He noted that unused ticket notices were sent out on a regular basis as well.

[10:04:44 AM](#)

VICE-CHAIR COGHILL announced that SB 171 would be held in committee. He added that two amendments to the bill would be addressed the next time the bill was heard.

#### **SB 194-LAO/HMONG VETERAN DRIVER'S LICENSE & ID CARD**

[10:05:16 AM](#)

VICE-CHAIR COGHILL announced the consideration of SB 194.

SENATOR BILL WIELECHOWSKI, sponsor of SB 194, explained that the bill would expand the eligibility for a veterans' designation on state-issued ID cards and driver's licenses to include Hmong and Lao veterans who served in support of American's interest during the Vietnam era in what is known as the "secret war." He continued as follows:

When it was discovered during the Vietnam war that communist forces had entered Laos, the CIA covertly recruited and trained over 35,000 Hmong soldiers to defend U.S. military operations; these soldiers fought to block the primary supply route of the North Vietnamese army, gathered intelligence, supported American military personnel, and rescued downed pilots. During that conflict, the Hmong suffered tremendous losses. The Hmong soldiers it is estimated died at ten times the rate of American soldiers in the Vietnam conflict. It is estimated that nearly 100,000 Hmong, including civilians, died during the "secret war." After the war, the Lao government organized against the Hmong for having assisted the United States, interring tens of thousands and killing an estimated 50,000 Hmong as retribution. Despite serving honorably, Hmong veterans have waited many years to be fully recognized and we have a veteran's designation on our drivers' license. The plan is to work with the Department of Military & Veterans' Affairs and DMV to establish some sort of procedure that they can prove that they served during the Vietnam War.

VICE-CHAIR COGHILL opened public testimony.

[10:08:11 AM](#)

PASERT LEE, representing himself, Anchorage, Alaska, testified in support of SB 194. He explained that he was representing the Hmong Alaska Community, Inc. and the Hmong American Veterans of Anchorage, Alaska. He disclosed that the Hmong and Lao people helped thousands of Americans throughout the Vietnam War on the Ho Chi Minh Trail, Laos, and Vietnam. He stated that the Hmong-Lao have been patiently waiting for 41 years to be acknowledged for their sacrifice. He remarked that many Hmong-Lao veterans have passed away and more will be gone if the waiting continued.

[10:09:52 AM](#)

ARTHUR YANG, representative, Hmong-Alaska U.S. Special Guerrilla Unit Corporation, Anchorage, Alaska, testified in support of SB

194. He detailed that the Hmong were a special guerrilla unit that served the United States during the Vietnam War. He set forth that the Hmong deserved recognition for the great job they did during the Vietnam War.

10:12:24 AM

PAMELA BEALE, Chair, Alaska Veterans Advisory Council, Alaska Department of Military and Veterans' Affairs, Anchorage, Alaska, testified in support of SB 194. She revealed that after polling the members of the Alaska Veterans Advisory Council on SB 194, the majority supported an act relating to the veterans designation on the identification card or driver's license for the Hmong and Lao veterans.

10:13:16 AM

BOB DOEHL, Deputy Commissioner, Alaska Department of Military and Veterans' Affairs (DMVA), Anchorage, Alaska, testified in support of SB 194. He stated that following the three previous speakers was humbling. He revealed that 35,000 Hmong directly supported U.S. forces and 20,000 were estimated to have perished, a casualty rate not seen since the Civil War. He said when the communists took over Laos after the war, all of the Hmong were targeted for elimination by mass genocide or forced exodus. He noted that some of the Hmong that testified earlier were still black-listed and cannot return to their home country. He set forth that the U.S. was their country now.

He detailed that the Hmong were the primary force that interjected North Vietnamese supplies on the Ho Chi Minh Trail and resupply routes through the jungle so heavy that air attacks could not stop it. He remarked that the guns and ammunition the Hmong destroyed were the ones that could not be used against U.S. forces. He added that the Hmong were also the ones that protected radio aid stations that were vital to U.S. bombing inside North Vietnam.

He revealed that in coming from a rescue community, a personal note, the Hmong would go and rescue downed U.S. airmen in places deemed too dangerous to send U.S. forces in what was termed a good mission, the Hmong would only lose 10 to rescue 1-American airman.

MR. DOEHL disclosed that Brigadier General Hammond's father did three tours in Vietnam and was stationed with units that were known to have been supported by the Hmong; she has no doubt that the Hmong efforts helped enable her father to return home and that debt of gratitude is owed.

He set forth that on behalf of DMVA, General Hummel, and himself, the committee's efforts were welcomed for recognizing a group that suffered huge combat losses in Vietnam so that fewer American veterans were killed in action (KIA) and missing in action (MIA).

10:15:22 AM

VICE-CHAIR COGHILL asked if the bill would entitle Hmong veterans to any other benefits that they were currently unable to get.

MR. DOEHL answered no. He specified that the bill only allows license plate and driver's license recognition. He noted that Verdie Bowen would be able to detail Hmong veteran verification.

VICE-CHAIR COGHILL asked how verification would work.

10:16:22 AM

VERDIE BOWEN, Director, Office of Veterans Affairs, Alaska Department of Military and Veterans' Affairs, Anchorage, Alaska, explained that verification would be set up virtually the same way as with the Alaska Territorial Guard members. He detailed that individuals within the Hmong community would be designated to verify an individual's service. The adjutant general for the State of Alaska would sign the honorable service after verification and a state equivalent to a "DD Form 214" would be issued that could be used at DMV for a driver's license designation.

VICE-CHAIR COGHILL commented that verification should be credible and honorable.

SENATOR WIELECHOWSKI announced that he had a CS to bring before the committee. He explained that the CS made small technical changes.

VICE-CHAIR COGHILL asked Senator Wielechowski if he worked with Chair Stoltze on the CS.

SENATOR WIELECHOWSKI answered yes.

VICE-CHAIR COGHILL asked that Senator Huggins move to adopt the CS.

10:17:55 AM

SENATOR HUGGINS moved to adopt the CS for SB 194 as the working document.

VICE-CHAIR COGHILL objected for discussion purposes.

MR. GEORGE announced that the CS was a State Affairs CS that did go through the chair's office. He explained that the chair is the only office authorized to order a State Affairs CS. He said the CS was ordered and included changes which were brought forward to the chair's office from the sponsor. He explained that there was some needed cleanup to be done from the bill's drafting.

He detailed that the CS makes two changes to the bill. He pointed out that the bill's original version was a bit duplicative in how veterans were described and two different service dates were given. He stated that the significance of the service dates was laid out with backup documents and consolidated to read as follows:

Or a Hmong veteran or Lao veteran who served in military operations in support of the United States in the Kingdom of Laos between February 20, 1961 and May 15, 1975.

He specified that the broader service date definition goes back to 1961 rather than the two dates which had a 1964 date that was tied to the Gulf of Tonkin incident that led to the actual declaration in the Vietnam War. He pointed out that the 1961 date was used by President Ford to define veteran's benefits for the conflict and the CS would conform to federal U.S. code. He added that the May 15, 1975 date was the fall of the secret airbase that the CIA set up along with Hmong veterans. He noted that the changes were repeated in Section 2 as well.

10:20:07 AM

He pointed out that the title which Section 1 amends was in Title 18, Public Safety statutes. He disclosed that Title 18 was a vestige when the Division of Motor Vehicles (DMV) was in the Department of Public Safety. He noted that the section reads on page 2 as follows:

The department shall consult with Department of Military & Veterans Affairs to determine the proof necessary to show that a person is a Hmong veteran.

MR. GEORGE detailed that "department" was actually referring to the Alaska Department of Administration (DOA) even though the statute was in the Public Safety statutes. He revealed that the governor's executive order in 1997 moved DMV to DOA and that was the reason two different titles were effected. He explained that the bill was specific to ID cards and driver's licenses.

VICE-CHAIR COGHILL removed his objection to adopting the CS. He noted that Chair Stoltze asked that the bill be held in committee.

[10:21:32 AM](#)

SENATOR HUGGINS stated that he encouraged Senator Wielechowski to meet with him regarding the veteran's caucus that recently met on coordinating activities. He asserted that he did not know of anybody that objected to the bill, but noted that there may be some reasons. He disclosed that he worked with the Hmong and remarked that the Hmong were wonder people that did wonderful things, but there were other people that were involved, including the indigenous people of Vietnam that did the same thing. He revealed that he served in the Vietnam War and had scars from it. He said he was angry about some of the things that he saw and referenced John Kerry and Jane Fonda as traders. He asserted that his comments were not about himself and his intent was to make sure what the committee was trying to do was done correctly, accurately, and with dignity. He expressed that the legislation should not be done because somebody was "our neighbor." He said there was a lot of history and the whole South Vietnamese army might be forgotten. He pointed out that a whole bunch of Vietnamese people live in Alaska because of what they did.

[10:23:36 AM](#)

BROOKE IVY, Staff, Senator Wielechowski, Alaska State Legislature, Juneau, Alaska, divulged that the DMVA was open to broadening the language to include other foreign nationals that may have fought on behalf of the United States overseas. She stated that a further discussion could occur to address the language to broaden the definitions within the bill.

SENATOR HUGGINS replied that he had spoken to Verdie Bowen with DMVA. He noted that he held the same position as Verdie Bowen at one time. He asserted that the intended recognition was a process that could not be done on a Monday morning because history was involved.

VICE-CHAIR COGHILL noted that he served in Europe rather than Vietnam.

10:24:45 AM

VICE-CHAIR COGHILL announced that SB 194 would be held in committee for further discussion.

10:25:00 AM

There being no further business to come before the committee, Vice-Chair Coghill adjourned the Senate State Affairs Committee at 10:25 a.m.