

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

December 18, 2019

2:05 p.m.

MEMBERS PRESENT

Representative Chris Tuck, Chair
Representative Neal Foster
Representative Andy Josephson
Representative Mark Neuman

Senator Click Bishop, Vice Chair
Senator Bert Stedman
Senator Natasha von Imhof
Senator Cathy Giessel
Senator Lyman Hoffman
Senator Peter Micciche (alternate)

MEMBERS ABSENT

Representative Ivy Spohnholz
Representative Jennifer Johnston (alternate)

OTHER LEGISLATORS PRESENT

Representative Bryce Edgmon

COMMITTEE CALENDAR

APPROVAL OF MINUTES
APPROVAL OF RPL(S)
ALASKA DIVISION OF LEGISLATIVE AUDIT PEER REVIEW REPORT
EXECUTIVE SESSION
FINAL AUDIT RELEASE
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAVID TEAL, Director
Legislative Finance Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Provided information to the Legislative Budget and Audit Committee on the proposed RPL(s).

RUTH KOSTIK, Acting Director
Division of Administrative Services
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of RPL 18-2020-0364.

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Provided information on the Division of Legislative Audit peer review report.

ACTION NARRATIVE

[2:05:42 PM](#)

CHAIR CHRIS TUCK called the Legislative Budget and Audit Committee meeting to order at 2:05 p.m. Representatives Tuck, Foster, Josephson (via teleconference), and Neuman (via teleconference), and Senators Bishop, Giessel, von Imhof, Stedman (via teleconference), Micciche (alternate) (via teleconference), and Hoffman were present at the call to order. Other legislator present was Representative Edgmon.

APPROVAL OF MINUTES

[2:07:02 PM](#)

CHAIR TUCK announced that the first order of business would be approval of the minutes.

[2:07:09 PM](#)

SENATOR BISHOP made a motion to approve the minutes of the Legislative Budget and Audit Committee of October 31, 2019. There being no objection, the minutes from the meeting of October 31, 2019, were approved.

APPROVAL OF RPL(s)

[2:07:51 PM](#)

CHAIR TUCK announced that the next order of business would be for approval of RPL(s).

[2:08:33 PM](#)

SENATOR BISHOP made a motion to approve the following FY 20 RPL(s): RPL [1]8-2020-0364, the Alaska Pollutant Discharge Elimination System Program; and RPL 20-2020-0062, the Residential Substance Abuse Treatment Program.

[2:09:15 PM](#)

CHAIR TUCK objected for discussion.

[2:09:37 PM](#)

DAVID TEAL, Director, Legislative Finance Division, Legislative Agencies and Offices, explained that RPL 18-2020-0364 was a request by the Department of Environmental Conservation (DEC) for the authority to spend \$430,000 of federal receipts associated with the Alaska Pollutant Discharge Elimination System. He pointed out that this was a compliance and enforcement program in the DEC Division of Water. He reported that, as DEC had been unable to meet the required number of yearly inspections set forth by the U.S. Environmental Protection [Agency] (EPA), it had to return a portion of the inspection work to the EPA. He declared that the funding from RPL 18-2020-0364 would support the work and associated travel of four new environmental program specialist positions. He noted that there were currently eleven staff in the program. He pointed out that this was not a new grant program and that, although DEC had the annual revenue to support this proposed increase in staff, the federal receipts had not been fully budgeted. He reported that, as DEC had requested \$573,000 in additional federal authorization for this program in the FY 21 budget, this "should make things line up." He added that DEC had sufficient authority to provide the required match and there was not any concern for technical issues. He questioned why the FY 21 budget request was still "about \$1 million short of the amount of grants received" although DEC had explained that the \$8.86 million of budgeted federal authorization in the Division of Water included all grants available to the division. He declared that his division did not have any concerns with the requested RPL.

[2:12:06 PM](#)

REPRESENTATIVE JOSEPHSON asked whether the reason DEC could not meet the required number of yearly inspections was for a lack of appropriations or other issues.

MR. TEAL explained that although DEC had the cash, they had not asked for the money in the budget.

[2:12:53 PM](#)

RUTH KOSTIK, Acting Director, Division of Administrative Services, Department of Environmental Conservation, offered her belief that, as the division had taken primacy of the Alaska Pollutant Discharge Elimination System in 2009, it was still making a determination for the full staffing capacity necessary to support the number of program permittees.

REPRESENTATIVE JOSEPHSON asked if this had happened in the past decade. He offered his belief that the operating budget was underfunded and asked if DEC could meet the requested requirements of primacy.

MS. KOSTIK explained that this was a step to meet the necessary staffing, adding that there were steps to reallocate and re-prioritize resources internally, which would include an increase of staffing for the Alaska Pollutant Discharge Elimination System program. She offered her belief that DEC would be able to better meet the requirements with the additional four staff.

[2:14:47 PM](#)

REPRESENTATIVE NEUMAN asked whether there were fees charged to the applicants and whether these fees covered the cost of personnel, as required by statute.

MS. KOSTIK stated that, although fees were charged to permittees, those fees did not fully cover the cost of the program partially due to statutory limitations which governed how fees were set. She pointed out that fees were capped to only cover the direct cost for 149 percent of the salaries for program services, even as the inclusion of benefits averaged 161 percent for salaries. She added that there were also some limitations on travel and other expenditures. In response to Representative Neuman, she stated that there were Alaska statutory limitations which did not allow recovery of the full cost.

REPRESENTATIVE NEUMAN asked for a list of the associated costs and why they were not covered.

[2:17:04 PM](#)

MR. TEAL directed attention to the second RPL, 20-2020-0062, a request by the Department of Corrections (DOC) for authority to spend \$75,000 federal dollars for a Residential Substance Abuse Treatment Grant. He explained that the purpose of the grant was to help reduce recidivism associated with drug and alcohol dependence and the funds would be used at the Highland Mountain Correctional Center, the primary female correctional center in Alaska. He reported that DOC currently had \$65,000 in its budget for this purpose, that there had been a similar request in the previous year, and that the FY 21 budget request from the governor would add \$75,000 to the budget. He stated that his division had no technical issues with the RPL.

[2:18:44 PM](#)

CHAIR TUCK removed his objection. There being no further objection, RPL 20-2020-0062 and RPL 18-2020-0364 were approved.

ALASKA DIVISION OF LEGISLATIVE AUDIT PEER REVIEW REPORT

[2:19:10 PM](#)

CHAIR TUCK announced that the next order of business would be the Alaska Division of Legislative Audit Division Peer Review Report.

[2:19:30 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Legislative Agencies and Offices, explained that the peer review report was required to be conducted every three years, noting that a peer review team would review all of the Legislative Audit Division policies and would conduct a sample of the audits to ensure the division was following policies which complied with auditing standards. She pointed out that the report resulted in the division receiving "pass," the highest rating.

EXECUTIVE SESSION

[2:20:24 PM](#)

CHAIR TUCK announced that the next order of business would be executive session.

SENATOR BISHOP made a motion that the Legislative Budget and Audit Committee go into executive session under Uniform Rule 22(b)(3), discussion of matters that may, by law, be required to be confidential.

[2:21:01 PM](#)

The committee took an at-ease from 2:21 p.m. to 3:29 p.m.

[3:29:22 PM](#)

CHAIR TUCK brought the committee meeting back to order at [3:29] p.m.. Present at the call to order were Representatives Tuck, Josephson, and Foster, and Senators Bishop, Stedman, Giessel, and Micciche (alternate).

FINAL AUDIT RELEASE

[3:29:58 PM](#)

SENATOR BISHOP made a motion for the final audits for the Department of Natural Resources, Alaska Seismic Hazard Safety Commission Sunset Audit; Department of Corrections, Board of Parole Sunset Audit; Department of Commerce, Community & Economic Development, Medical Board Sunset Audit; and Alaska Department of Fish & Game, Board of Game Regulatory Process Special Audit, be released to the public for response. There being no objection, the audits were released.

OTHER COMMITTEE BUSINESS

[3:30:35 PM](#)

CHAIR TUCK announced that the final order of business would be other committee business. He reported that IN3ENERGY, as consultants under contract with the committee, would be conducting background training workshops titled Energy Fiscal Policy 101 and 102 for legislators and staff. While the scheduled had not been finalized, he expected these workshops would be offered between January 23 and January 28 in Juneau.

[3:32:34 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 3:32 p.m.