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Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

*HFin 1/22/96 1:40 p.m.*

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Attachment # 6  
1/22/96

THE DEPARTMENT OF LAW

*FY 97 Operating Budget  
Overview*

January 1996

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# DEPARTMENT OF LAW

## FY 97 Operating Budget Overview

Narrative of FY 97 Budget Issues ..... 1

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# DEPARTMENT OF LAW

## **MISSION**

The Department of Law's first primary mission is to assure safe and healthy communities by prosecuting and convicting criminal offenders in urban and rural Alaska. The second primary mission is to work in partnership with executive, legislative and judicial agencies by providing legal advice and representing the state in all actions in which it is a party.

### **Budget Issues in Brief**

#### **CRIMINAL DIVISION**

- Add prosecutor in Bethel District Attorney's Office, \$114.6 GF, 1 PFT.
- Consolidate criminal components into one to maximize flexibility to deal with the state's ever-increasing caseload.
- Address fiscal impacts of crime bills.

#### **CIVIL DIVISION**

- Combine Civil Division into one BRU to improve management control and efficiency of service delivery in response to declining resources.
- Move Federal Relations from capital to operating budget to more appropriately reflect ongoing nature of disputes.

#### **OIL AND GAS LITIGATION**

- Decrease oil and gas litigation budget to reflect continuing decline of major oil and gas litigation cases, (\$3,460.2).

## **Major Goals and Strategies**

### **CRIMINAL DIVISION**

**Protect the public through effective criminal prosecutions.**

- Assist law enforcement agencies with criminal investigations, filing misdemeanor and felony charges.
- Serve as legal advisor to grand juries and represent the state in all phases of criminal trial and appellate proceedings.
- Increase prosecution resources to solve the caseload crisis in Bethel.

### **CIVIL DIVISION**

**Provide effective legal advice and representation of the state**

- Protect Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously.
- Improve responsiveness to needs of state agencies by implementing suggestions of the management review team for departmental reorganization.
- Limit costly and time-consuming litigation through expanded use of alternative dispute mechanisms and use of preventative law to avoid litigation.
- Resolve questions of state versus federal control of natural resources and land.
- Resolve issues surrounding subsistence use of fish and game.
- Ensure that the state receives its correct share of oil and gas taxes and royalties.
- Increase collections of money owed to the state by businesses and individuals for child support, fines and other unpaid obligations. Reduce fraud in benefit programs.

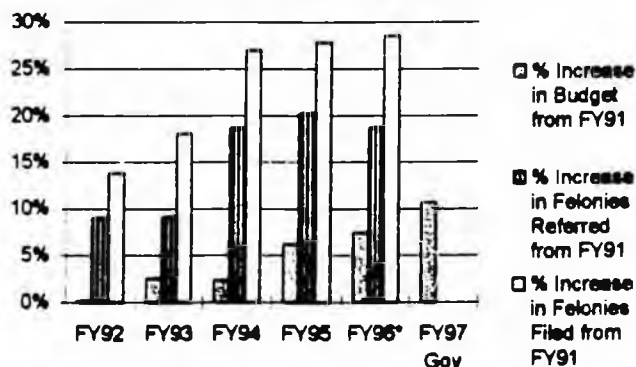
## FY 97 Budget Issues

### Criminal Division

- Consolidate Criminal Components
- Add Bethel Prosecutor
- Address Fiscal Impact of Crime Bills

**Increase in Caseload and Consolidating Components:** As Chart 1 below shows, since FY 91, the Criminal Division has seen an 18% increase in felonies sent to its offices by law enforcement agencies. There has also been a 24% increase in misdemeanors. New crimes and probation revocations resulted in over 6,000 felonies and 24,000 misdemeanors handled in FY 95. The increase in new felonies filed approaches 30%.

**Chart 1**  
Percent Increase in Funding, Felony Case Referrals and Filings from FY 91



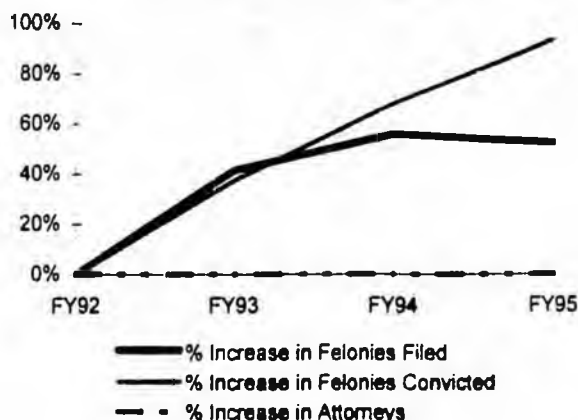
\*Case Referral and Case Filed information for FY 96 is projected based on 1/2 year numbers.

Despite this increase in caseload, the Criminal Division budget in FY 96 is only 8% higher than it was in FY 91. The department's FY 97 budget proposes to consolidate the existing six Criminal Division components into one, to allow more flexibility to respond to caseload increases.

**Add Bethel Prosecutor:** While the caseload increase has been large on a statewide basis, it has been overwhelming in Bethel. As seen

in Chart 2, in the last four years the small Bethel office saw over a 50% increase in felonies filed and over a 90% increase in felony convictions obtained.

**Chart 2**  
Bethel Felony Caseload  
Percent Increase from FY 92



The attorney staffing in the Bethel office is the same today as in 1985. The overall felony caseload per attorney in Bethel is much higher than anywhere else in the state. With violent felonies (the most time-intensive cases we handle) each attorney handles more than double the number handled by prosecutors in other offices. (See Charts 3 and 4).

**Chart 3**  
Bethel Caseload Comparison  
Violent Felonies

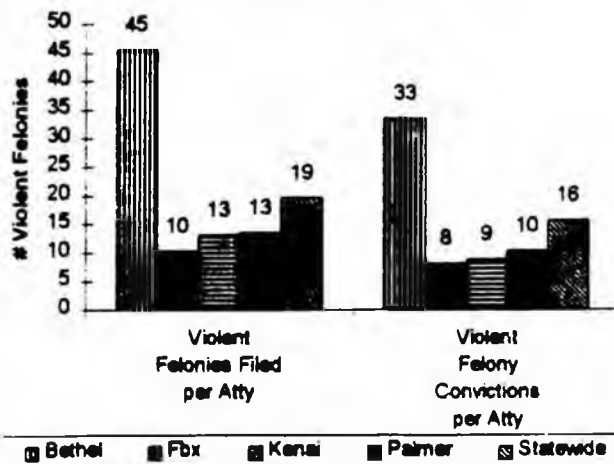
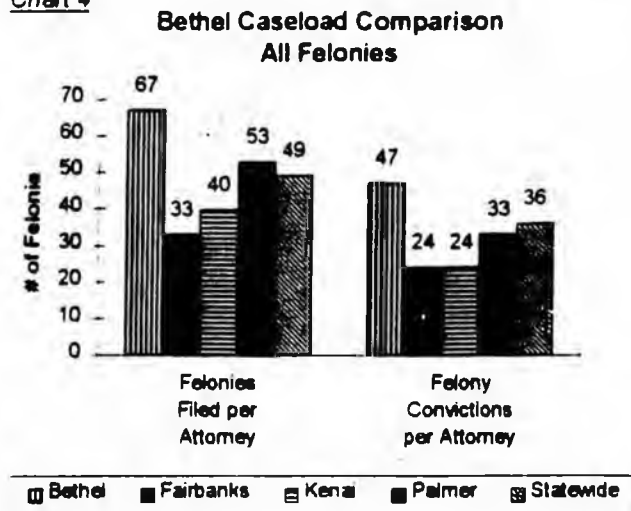


Chart 4



At these levels proper attention cannot be given to cases, and the rate of attorneys "burning out" is increasing. In the past two years, every public defender position, and all but one prosecutor position, has turned over at least once. Thus the state cannot provide adequate service to the people of the Lower Yukon-Kuskokwim area with existing staff.

**Fiscal Impacts of Crime Bills:** New laws have given enforcers better tools and imposed harsher penalties, but they have also placed significant stress on under-funded criminal justice agencies. Troopers, prosecutors, public defenders, courts, and corrections have not been given adequate funds to implement the statutory changes, such as the new law making third-time DWI offenders prosecutable as felons. Although the legislature recognized that the change would have a predictable fiscal impact, only half-year funding was appropriated for FY 96 because of the effective date of the bill. Twelve-month funding is included in the division's FY 97 adjusted base.

The increasing criminal caseload and new legislation have forced the Criminal Division to set priorities for prosecution. By giving less attention to misdemeanors and non-violent

felonies, the division has concentrated its limited resources on violent crimes and DWI offenses. In increasing numbers of cases, prosecutors have declined to prosecute, reduced charges, made plea bargains, and indicted only the most serious offenders, because there are not enough attorneys to prosecute all offenses referred to the division.

### Civil Division

- **Consolidate Civil Division Budget**
- **Bring Federal Relations into Operating Budget**
- **Decrease Oil and Gas Litigation Funding**

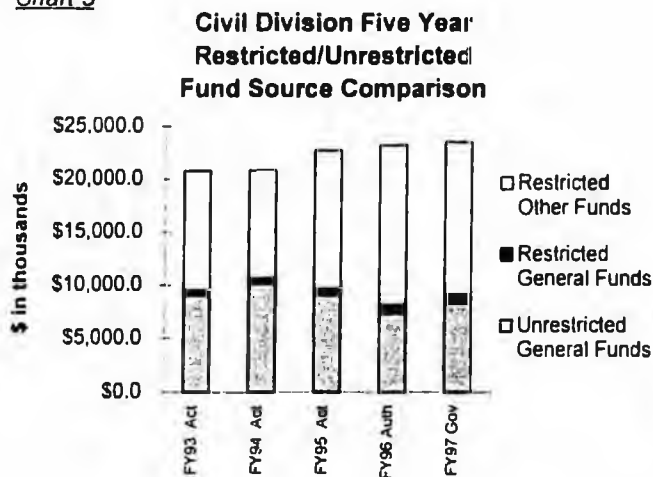
**Consolidate Civil Division Budget:** Cuts in funding, the prevalence of restricted funds in the Civil Division's budget, and growth in caseloads have all had serious negative effects on the division in recent years. To give managers the ability to make better use of limited resources in dealing with increasing workloads, the FY 97 budget of the Civil Division is presented in a new, consolidated format. The Legal Services, Oil and Gas Special Projects (in-house oil and gas staff), and Environmental Law appropriations, formerly separate, are combined into one Civil Division appropriation that includes all Civil Division staff.

**Funding Cuts** - General funds for the Civil Division were cut \$1.5 million in FY 96, resulting in a loss of 9.5 general fund attorney positions and 6 paraprofessional and support positions. This cut amounted to 18% of the division's unrestricted general funds, the funds that can be redirected to respond to unexpected legal challenges.

**Restricted and Unrestricted Funds** - The Civil Division is funded by a mix of unrestricted and restricted funds. Only 32% of the

division's FY 96 Authorized budget is unrestricted general funds, down from 40% in FY 95 and 48% FY 94. (See Chart 5.) The remainder is a mix of match money, program receipts, mental health funds, and interagency receipts that are limited in their use. As a result of these restrictions, it is difficult to make long-term decisions on the most appropriate and efficient allocation of personnel and financial resources and to respond and adjust to changing conditions.

Chart 5



**Caseload Increases** - While funds have been cut, caseloads have been rising significantly. The most obvious, and distressing, area of increased caseloads is in child protection and juvenile delinquency, which has risen to unmanageable levels in Southcentral and Western Alaska. From FY 91 to FY 95, the number of active child protection and juvenile delinquency cases rose 34%, from 1,077 to 1,433 cases. During the same period, the number of attorneys available to handle these cases decreased 10%, from 10.5 to 9.5. The average caseload for Human Services attorneys in Anchorage is now over 225 cases each.

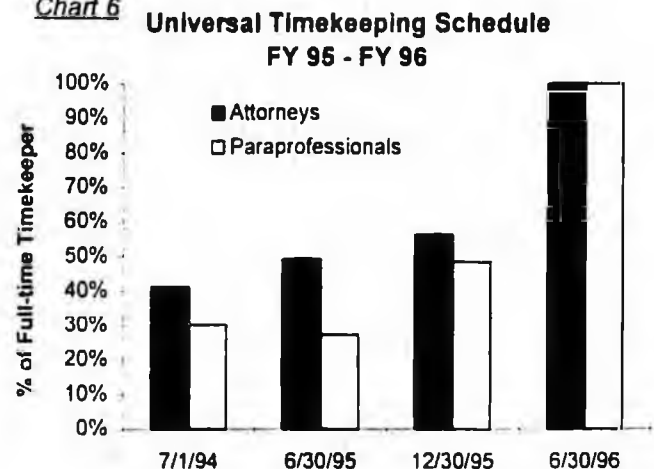
The child protection caseload is, however, only one area of burgeoning caseloads.

Employment litigation is on the rise, the number of collections cases is growing, and new issues and demands for service surface each month.

**Budget Management Improvements** - The ability to respond to the activities and demands of others, which are the driving factors that determine the nature and level of the workload for any public law practice, is critical for good management of the department's financial and human resources. Consolidating the division's budget will enable managers to adjust more readily to increasing and shifting workloads by giving them greater control of resources and more flexibility to direct those resources to where they are needed most.

**Accountability/Timekeeping** - Accountability will be retained, and improved, by consolidation of the Civil Division budget, and by instituting universal timekeeping through the division. Consolidation will facilitate timekeeping for all Civil Division attorneys, which will provide more complete

Chart 6

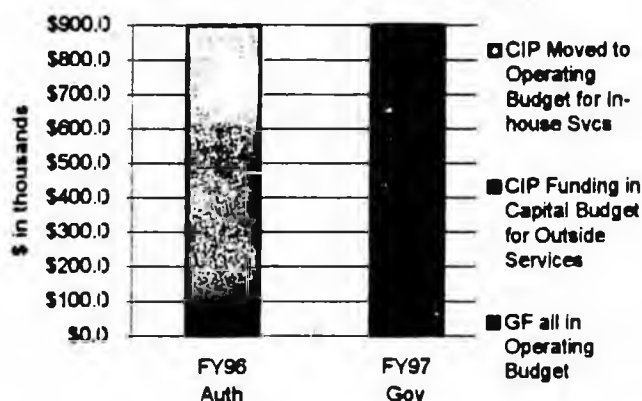


ment information. One appropriation for in-house services will enable all attorney and paralegal time to be easily billed to the account for which it is performed on a single, uniform basis.

*Universal timekeeping is an important management tool for tracking resources in a timely manner and for controlling costs.*

At present, only attorneys funded by interagency receipts are required to keep track of their time. (See Chart 6 for implementation schedule.) Universal timekeeping will provide more complete information on which types of cases are taking the longest, the relative workload and output of sections, and the costs attributable to attorneys working out of their normal assignments or for multiple clients. It will help managers better assess where resources are being used, give them the ability to redirect their resources to where they are needed, and provide better control of those resources.

**Chart 7**  
Effect of Federal Relations Transfer from Capital to Operating Budget



**Federal and Other State Relations:** Aggressive efforts to bring and defend cases against the federal government continue. To more appropriately reflect the ongoing nature of the disputes, the department proposes to move Federal Relations funding from the capital into

the operating budget. This is a net zero transfer with no effect on total state expenditures. In FY 96, \$900.0 GF was appropriated in the capital budget for Federal Relations. \$807.7 of that appropriation was moved to the operating budget as CIP receipts and \$92.3 left in the capital budget to pay for outside services such as experts. In FY 97, \$900.0 will be appropriated directly to the operating budget, and the CIP receipts deleted. (See Chart 7.)

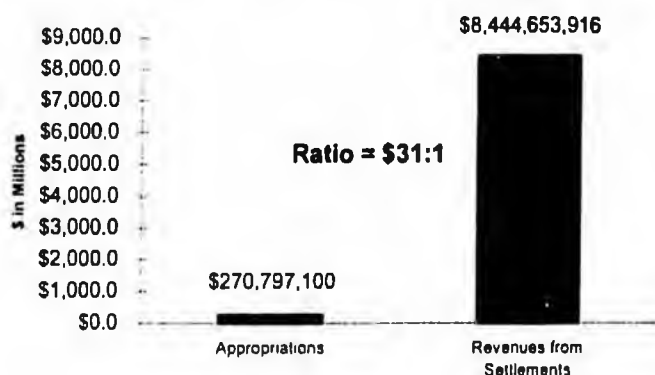
Among other cases that remain active in this area is the *Katie John* subsistence case, which focuses on whether federal fisheries management authority extends to navigable waters in Alaska. It may come before the US Supreme Court in 1996. The question of whether federal fish and wildlife authority can extend to animals migrating across state and private lands may also be litigated in FY 97.

Several other major cases involving state management prerogatives and access to state lands and resources remain to be resolved. The recent attack on the Southeast Alaska chinook fisheries by Washington, Oregon, Canada, and the Northwest Tribes requires ongoing efforts. The issue of whether the tribes are entitled to 50% of the salmon migrating to Alaska is scheduled for trial in the fall of 1996.

**Oil and Gas Litigation:** To reflect the continuing decline of major oil and gas litigation cases, funding for outside counsel and experts is decreased in FY 97 by nearly \$3.5 million. Funding reached an all-time high of \$31.8 million in FY 94 and has steadily declined to \$20.0 million in FY 96. The reduced FY 97 request is \$16.54 million. Settlement revenues from 1977 to date total over \$8 billion. (See Chart 8.) The Civil Division has also reorganized and beefed-up its in-house oil and gas litigation capabilities to

Chart 8

**Oil and Gas Appropriations and Revenues from Settlements 1977 to 1995**



handle much of the state's oil and gas work. This has allowed the division to steadily decrease its reliance on the assistance of outside counsel.

A major case involving more than \$1 billion in tax and interest is set for formal hearing in FY 97. Efforts are ongoing to resolve other production and income and excise tax cases with disputed tax and interest totaling over \$100 million. The Civil Division is also litigating pipeline tariff issues, the most significant being whether the costs of repairing electrical code violations on TAPS should be included in the tariff. The division has protested the 1996 TAPS tariff filing, which could potentially make a difference of millions of dollars in state taxes and royalties.

**Management Review**

In the fall of 1995, the Department of Law undertook a complete management review in cooperation with the Conference of Western Attorneys General and the National Association of Attorneys General. The department is now implementing their recommendations to improve management, serve client agencies more efficiently and responsively, and maximize the use of increasingly limited resources.

Department of Law  
1.4% of Total State Operating Budget



Budget Summary	FY 95 Actual	FY 96 Authorized	FY 97 Governor
General Funds - Includes Constitutional Budget Reserve	\$50,288.3	\$36,728.6	\$36,509.5
Federal Funds	391.3	416.5	420.6
Other Funds - State corporation earnings, interagency receipts	25,758.8	18,287.7	15,711.7
<b>TOTAL BUDGET</b>	<b>\$76,438.4</b>	<b>\$55,432.8</b>	<b>\$52,641.8</b>

## BRU SUMMARY BY FUND SOURCE

Department of Law

BRU	FY96 Auth	FY97 Adj Base	FY97 Changes	FY97 Gov	Adj Base to Gov
Criminal Division	11,738.7 GF	11,980.9 GF	114.6 GF	12,095.5 GF	1.0%
	458.0 I/AR	464.3 I/AR		464.3 I/AR	0.0%
Subtotal	12,196.7	12,445.2	114.6	12,559.8	
Civil Division	416.5 Fed	420.6 Fed		420.6 Fed	0.0%
	97.4 GFM	98.4 GFM		98.4 GFM	0.0%
	7,388.1 GF	8,360.4 GF		8,360.4 GF	0.0%
	598.2 GF/Prgm	602.6 GF/Prgm		602.6 GF/Prgm	0.0%
	66.2 GF/MH	67.2 GF/MH		67.2 GF/MH	0.0%
	13,491.3 I/AR	13,611.5 I/AR		13,611.5 I/AR	0.0%
	380.0 IA/Oil Hz	381.5 IA/Oil Hz		381.5 IA/Oil Hz	0.0%
	798.4 CIP	807.7 CIP	(807.7) CIP	0.0 CIP	-100.0%
Subtotal	23,236.1	24,349.9	(807.7)	23,542.2	
SUBTOTAL (Operations)	35,432.8	36,795.1	(693.1)	36,102.0	-1.9%
Oil and Gas Litigation	16,840.0 CBR	16,840.0 CBR	(1,554.6) CBR	15,285.4 CBR	-9.2%
	3,160.0 Corp Rcpts	3,160.0 Corp Rcpts	(1,905.6) Corp Rcpts	1,254.4 Corp Rcpts	-60.3%
GRAND TOTAL	55,432.8	56,795.1	(4,153.3)	52,641.8	-7.3%

Source:

CBR Fund	16,840.0	16,840.0	(1,554.6)	15,285.4	-9.2%
Federal Funds	416.5	420.6	0.0	420.6	0.0%
GF Match	97.4	98.4	0.0	98.4	0.0%
General Fund	19,126.8	20,341.3	114.6	20,455.9	0.6%
Program Receipts	598.2	602.6	0.0	602.6	0.0%
GF/MH	66.2	67.2	0.0	67.2	0.0%
Interagency Receipts	13,949.3	14,075.8	0.0	14,075.8	0.0%
Corp Rcpts	3,160.0	3,160.0	(1,905.6)	1,254.4	-60.3%
I-/Oil Hazardous	380.0	381.5	0.0	381.5	0.0%
CIP Receipts	798.4	807.7	(807.7)	0.0	-100.0%

## FY 1997 BUDGET REQUEST SUMMARY

Department of Law

	CBR	FED	GFM	GF	GF/ Prgm	GF/MH	I/AR	Corp Rcp'ts	I-A/Oil Hz	CIP	Total
<b>FY96 Authorized</b>	<b>16,840.0</b>	<b>416.5</b>	<b>97.4</b>	<b>19,126.8</b>	<b>598.2</b>	<b>66.2</b>	<b>13,949.3</b>	<b>3,160.0</b>	<b>380.0</b>	<b>798.4</b>	<b>55,432.8</b>
<u>Adjustments</u>											
Move Federal Relations Funding from Capital Budget to Operating				900.0							900.0
Lease Transfer to Dept. of Administration				(14.7)							(14.7)
Annualize half-year funding for DWI legislation (HB 159)				147.0							147.0
Information Services Chargeback Adjustment				(34.4)	(2.1)		(32.7)		(2.4)		(71.6)
Risk Management Adjustment		0.3	0.1	16.8	0.5	0.1	12.0		0.3	0.7	30.8
Salary Adjustments		3.8	0.9	214.8	6.0	0.9	153.7		3.6	8.6	392.3
Remove One-Time Items				(15.0)			(6.5)				(21.5)
<u>Subtotal</u>	0.0	4.1	1.0	1,214.5	4.4	1.0	126.5	0.0	1.5	9.3	1,362.3
<b>FY97 Adjusted Base</b>	<b>16,840.0</b>	<b>420.6</b>	<b>98.4</b>	<b>20,341.3</b>	<b>602.6</b>	<b>67.2</b>	<b>14,075.8</b>	<b>3,160.0</b>	<b>381.5</b>	<b>807.7</b>	<b>56,795.1</b>
<u>Increments/Decrements</u>											
Add Bethel Prosecutor				114.6							114.6
Federal Relations General Funds Moved from Capital Budget to Operating in Adjusted Base; CIP Funding Discontinued										(807.7)	(807.7)
Reduce Oil & Gas Litigation	(1,554.6)							(1,905.6)			(3,460.2)
<u>Subtotal</u>	(1,554.6)	0.0	0.0	114.6	0.0	0.0	0.0	(1,905.6)	0.0	(807.7)	(4,153.3)
<b>FY97 Governor's Request</b>	<b>15,285.4</b>	<b>420.6</b>	<b>98.4</b>	<b>20,455.9</b>	<b>602.6</b>	<b>67.2</b>	<b>14,075.8</b>	<b>1,254.4</b>	<b>381.5</b>	<b>(0.0)</b>	<b>52,641.8</b>

# FIVE YEAR FUNDING HISTORY

## Department of Law

	FY93 Act	FY94 Act	FY95 Act	FY96 Auth	FY97 Adj Base	FY97 Gov
Criminal Division	11,562.7	11,758.1	12,062.3	12,196.7	12,445.2	12,559.8
Civil Division	20,798.0	20,858.2	22,744.9	23,236.1	24,349.9	23,542.2
<i>Subtotal (Operating Budget)</i>	<u>32,360.7</u>	<u>32,616.3</u>	<u>34,807.2</u>	<u>35,432.8</u>	<u>36,795.1</u>	<u>36,102.0</u>
Judgments/Claims						
Operations	1,507.1	2,173.1	6,018.9	0.0	0.0	0.0
Weiss v. State	1,472.3	2,180.0	1,224.8	0.0	0.0	0.0
Unanticipated RSAs <sup>1</sup>	3,840.3	2,109.2	4,487.5			
Oil and Gas Litigation	19,158.4	31,807.5	29,900.0	20,000.0	20,000.0	16,539.8
Exxon Valdez Litigation	4,881.3	1,402.5	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<u>63,220.1</u>	<u>72,288.6</u>	<u>76,438.4</u>	<u>55,432.8</u>	<u>56,795.1</u>	<u>52,641.8</u>
<b>Fund Sources:</b>						
CBR Fund	0.0	13,837.0	11,250.0	16,840.0	16,840.0	15,285.4
Federal Funds	404.1	441.9	391.3	416.5	420.6	420.6
GF Match	45.0	49.0	55.4	97.4	98.4	98.4
General Fund	38,507.5	34,752.6	37,291.6	19,126.8	20,341.3	20,455.9
Program Receipts	304.3	347.1	400.3	598.2	602.6	602.6
MHTIA/GF	1,535.7	2,243.5	1,291.0	0.0	0.0	0.0
Interagency Receipts <sup>1</sup>						
Administration			1,755.2	1,782.4		1,903.9
Commerce/AIDEA/APUC			1,142.0	1,309.8		1,335.3
Community/Reg'l Aff			87.7	136.3		112.9
Corrections			54.3	74.3		93.1
Education/PSEC/PTPC			89.7	104.2		222.5
Environmental Cons			245.0	339.8		342.7
Fish & Game			153.5	232.9		221.5
Governor			125.5	100.0		101.4
Health/Social Svcs			445.1	444.6		427.2
Labor			224.8	264.5		237.6
Law <sup>2</sup>			3,759.1	4,147.7		4,345.2
Military/Veterans Aff			2.8	0.0		0.0
Natural Resources			299.8	263.4		214.9
Public Safety			291.0	291.5		295.5
Revenue/AHFC/APFC			1,578.9	1,985.8		2,002.4
Trans/Pub Fac			2,044.2	2,472.1		2,219.6
Unanticipated RSAs <sup>1</sup>			4,525.5	0.0		0.0
Total Interagency Receipts	15,107.9	12,154.6	16,824.3	13,949.3	14,075.8	14,075.7
GF/MH	0.0	0.0	0.0	66.2	67.2	67.2
Corp Rcpts/PFD Fund	4,950.0	8,112.5	8,050.0	3,160.0	3,160.0	1,254.4
I-A/Oil Hazardous	2,365.6	350.4	482.3	380.0	381.5	381.5
CIP Receipts	0.0	0.0	402.2	798.4	807.7	0.0

<sup>1</sup> See Appendices for detailed listing of RSAs, both Authorized and Unanticipated.

<sup>2</sup> DOLaw RSAs are intra-agency, and are counted twice in budget totals; e.g., the Oil, Gas & Mining section is funded by I/AR from the Oil & Gas Litigation appropriation of CBR funds and Corporate Rcpts.

**POSITION SUMMARY**  
**Department of Law**  
*(See division summaries for detail)*

<b>Division/Office</b>	<b>AG</b>	<b>Dep AG</b>	<b>Attorneys</b>	<b>Para- professionals</b>	<b>Support Staff</b>	<b>Adminis- trative</b>	<b>Total</b>
<b><i>Authorized Positions</i></b>	1	2	211.5	61	148.5	15.5	439.5
<b>Mandatory Vacant Positions (personal svcs underfunding)</b>		0	-11	-2	-4.5		-17.5
<b><i>Filled Positions</i></b>	1	2	200.5	59	144	15.5	422
<b>Criminal Division</b>		1	75	20	56.5		152.5
<b>Civil Division</b>		1	125.5	38	86.5		251
<b>Administrative Services</b>						15.5	15.5
<b>Attorney General</b>	1			1	1		3

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## The Criminal Division

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## CRIMINAL DIVISION ORGANIZATION

**District Attorney's Offices** prosecute all violations of state criminal law in Alaska, with the exception of welfare and Medicaid fraud. In addition to filing criminal charges and conducting criminal trials, the offices give day-to-day advice to all law enforcement agencies in conducting criminal investigations, serve as legal advisor to grand juries, and handle sentence appeals and probation revocation actions. Prosecution services protect the public by convicting criminal offenders and placing them under appropriate controls, and by revoking probation if they do not comply with conditions of supervision. Without these services, Alaskans would not be able to live in safe and healthy communities. The services are delivered as follows:

- **Southeast Alaska:** The Criminal Division provides services to all of Southeast Alaska with seven attorneys in three offices in Juneau, Ketchikan and Sitka. In the fiscal year ending June 30, 1995, over 4,000 criminal cases (750 felony and 3,600 misdemeanor) were referred for prosecution or probation revocation.
- **North/Northwest Alaska:** Services are provided to all of Northern and Northwestern Alaska with three attorneys in three offices in Nome, Kotzebue and Barrow (the Barrow office receives regular assistance from Fairbanks). In the fiscal year ending June 30, 1995, over 2,000 criminal cases (300 felonies and 1,700 misdemeanors) were referred for prosecution or probation revocation.
- **Southcentral/Southwest Alaska:** Southcentral and Southwestern Alaska are served by 25 (four through interagency RSA) attorneys in Anchorage (which includes the Dillingham prosecutor) and 16 attorneys in four offices in Palmer, Kenai, Kodiak, Bethel<sup>1</sup>.

In the fiscal year ending June 30, 1995, well over 1,800 new felonies and nearly 500 felony probation revocations were referred for prosecution in the Anchorage office, excluding Dillingham cases. This was an 15% increase in felonies over the previous year, and a 25% increase over two years. In this same period of time, there was no increase in the number of attorneys in the Anchorage office available to handle the vast majority of cases (an additional drug prosecutor was added through

interagency RSA, but this attorney may only handle drug-related cases).

In the same period, 10,000 new criminal cases (1,200 felony and 8,800 misdemeanor) were referred for prosecution in Palmer, Kenai, Kodiak and Bethel. Probation revocations added another 300 felony cases and about twice that number of misdemeanor cases. Between FY 93 and 94, the felony caseload in Palmer skyrocketed 46%, with sexual offenses up 25%, property offenses up 38%, felony assaults up 43% and drug crimes up 100%. The misdemeanor caseload has also increased dramatically, up a third compared to FY 94. The caseload in the Bethel office is far and away the highest in the state per attorney. An increment request for this office is described in the *FY 97 Budget Issues* section of this overview.

- **Central Alaska:** The Central Alaska region is covered by thirteen attorney positions in one office in Fairbanks. In the fiscal year ending June 30, 1995, over 6,000 criminal cases (1,150 felonies and 5,000 misdemeanors) were referred for prosecution or probation revocation. Since FY 91, the felony caseload in Fairbanks has increased 20%, yet there are no more attorneys in the office today than in 1991.

The District Attorneys' Offices provide victim-witness assistance services such as travel and per diem expenses, court-mandated witness fees, information on court procedures required by statute and the Alaska Constitution, and assistance with domestic violence orders and violent crimes compensation procedures. Two-thirds of all travel costs are due to transportation and per diem for witnesses needed for court proceedings. Demands on the victim-witness assistants increased substantially over the last five years as a result of victims' rights laws that passed in 1989 and 1991 and during FY95 as a result of the passage of the Victim's Right Amendment to the Alaska Constitution. Victim-witness services are an indispensable element in the daily operation of the criminal justice system.

The **Office of Special Prosecutions and Appeals** represents the state in all felony appellate proceedings challenging convictions obtained in the trial courts, and handles most state and federal post-conviction and habeas corpus proceedings. These post-trial procedures are constitutionally required; when such actions are filed by convicted criminals the Criminal Division of the Department of Law must respond. Without these

<sup>1</sup> Bethel office total includes one new attorney position requested in FY 96 as an add/delete supplemental and as an increment in the FY 97 Governor's budget.

functions, the efforts of law enforcement to detect and punish crime through investigation, trial, and conviction would be nullified.

The Office of Special Prosecutions and Appeals also:

- prosecutes economic and other complex crimes. In addition to filing criminal charges and conducting criminal trials, this office also gives day-to-day advice to special "white collar" investigation units. These prosecution services protect private investors, small businesses, and government agencies that are the victims of fraud or other wrongdoing.
- prosecutes environmental crimes through a reimbursable services agreement with the Department of Environmental Conservation. These prosecution services protect the state's air and water quality by providing advice and assistance to state environmental investigators and by prosecuting appropriate criminal cases.
- provides services to the entire state with nine appellate attorneys, one "white collar crime" prosecutor and one environmental crimes prosecutor, all based in Anchorage. The number of appeals has once again begun to increase, and the complexity of legal issues has also increased. In addition, there has been a large increase in federal habeas corpus actions. The reorganization of the state trooper white collar crime unit has provided a steady increase in the number of new economic crimes to be prosecuted. The Department of Environmental Conservation has become more active in investigating cases relating to dumping of hazardous materials and water quality.

**Criminal Justice Litigation and Legal Services**

provides overall administration of the Criminal Division and sets policy for all offices by monitoring and approving budgetary expenditures, setting uniform prosecution policies, maintaining a case management system, and being responsible for personnel matters.

This section advises the Governor and the legislature on criminal justice legislation and provides basic legal services to the Department of Corrections and the Department of Public Safety consisting of verbal and written advice, representation in civil litigation and administrative proceedings, and assistance with drafting legislation, regulations, policies, and procedures.

Services are provided by two attorneys in Anchorage and five in Juneau. Four of the seven attorney positions provide full-time legal services for the Department of

Corrections. Two attorneys provide legal services for the Department of Public Safety, and review and draft proposed criminal justice legislation. One attorney provides administrative supervision and direction for the Criminal Division.

**POSITIONS BY LOCATION**  
Criminal Division

Region	Location	Dep AG	Attorneys	Para-professionals	Clerical	Total
<b>Statewide: Authorized Positions</b>		1	82	21	60	164
Mandatory Vacant Positions (personal svcs underfunding)			-7	-1	-3.5	-11.5
<b>Statewide: Filled Positions<sup>1</sup></b>		1	75	20	56.5	152.5
<b>Southeast</b>	Juneau		3	1	3	7
	Ketchikan		3	1	2.5	6.5
	Sitka		1	0	1	2
	<i>Subtotal</i>		7	2	6.5	15.5
<b>North/Northwest</b>	Nome		1	1	1	3
	Barrow		1	0	1	2
	Kotzebue		1	0	1	2
	<i>Subtotal</i>		3	1	3	7
<b>Southcentral/Southwest</b>	Anchorage		23	6	19	48
	Bethel <sup>1</sup>		4	1	3	8
	Kenai		4	2	3	9
	Kodiak		2	1	1	4
	Palmer		5	2	4	11
	<i>Subtotal</i>		38	12	30	80
<b>Central</b>	Fairbanks		11	3	9	23
<b>Office of Special Prosecutions and Appeals</b>	Anchorage		10	0	5	15
<b>Criminal Justice Litigation and Legal Services</b>	Juneau	1	4	2	3	10
	Anchorage	0	2	0	0	2
	<i>Subtotal</i>	1	6	2	3	12

<sup>1</sup> Filled Positions and Bethel Attorney totals include new position requested as FY96 add/delete supplemental and FY97 increment.

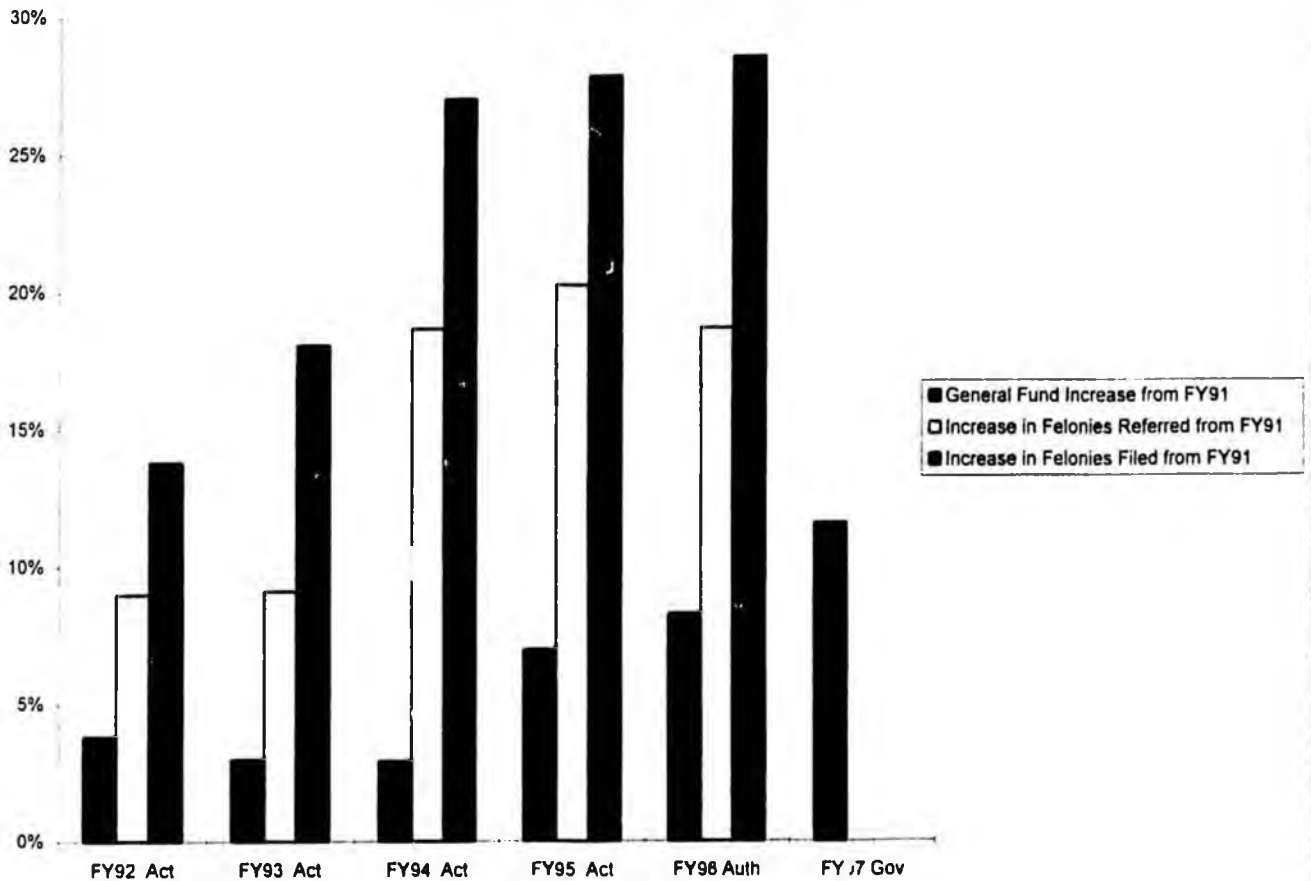
**FIVE YEAR FUNDING AND FELONY CASELOAD HISTORY**  
**Criminal Division**

FY91 Act	FY92 Act	FY93 Act	FY94 Act	FY95 Act	FY96 Auth	FY97 Adj Base	FY97 Gov
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Criminal Division

Federal Funds	152.8	23.0					
General Fund	10,840.6	11,254.7	11,162.7	11,156.2	11,595.9	11,738.7	12,095.5
Inter-agency Receipts	127.1	234.1	400.0	601.9	466.4	458.0	464.3
<b>Total</b>	<b>11,120.5</b>	<b>11,511.8</b>	<b>11,562.7</b>	<b>11,758.1</b>	<b>12,062.3</b>	<b>12,196.7</b>	<b>12,559.8</b>
Number of Felonies Referred	3,906	4,257	4,262	4,635	4,697	4,636	NA
Number of Felonies Filed	2,292	2,608	2,706	2,911	2,930	2,946	NA
General Fund Increase from FY91		3.82%	2.97%	2.91%	6.97%	8.28%	11.58%
Increase in Felonies Referred from FY91		8.99%	9.11%	18.66%	20.25%	18.69%	NA
Increase in Felonies Filed from FY91		13.79%	18.06%	27.01%	27.84%	28.53%	NA

**Division-wide Percent Increase in Funding,  
Case Referrals and Filings from FY 91**



\* Case Referral and Case Filed information for FY96 is projected based on 1/2 year numbers.

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## The Civil Division

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## CIVIL DIVISION ORGANIZATION

**Human Services Section:** Provides legal assistance for problems arising from the state's education, health services, social services, and public assistance programs. Initiates action to remove children from abusive or neglectful homes, acts to terminate parental rights for permanent placement of children in state custody, and prosecutes juvenile delinquency cases. Enforces the state's health and safety laws. Provides legal services to the Departments of Education, Health and Social Services, and Labor, Division of Senior Services and Division of Motor Vehicles.

The Human Services caseload has risen dramatically in the last few years, and the number of attorneys available to handle child protection and delinquency issues has dropped due to cuts in the unrestricted general fund portion of the division's budget. The number of active child protection and juvenile delinquency cases rose from 1,077 to 1,438, over 34% from FY 91 to FY 95. The growth in these cases is especially dramatic in the Anchorage office, which covers Southcentral and Western Alaska. Each Human Services attorney in that office is handling an average of over 225 cases.

**Collections and Support:** Collects unsecured debts owed to the state, including criminal judgments such as fines, costs of appointed counsel and costs of incarceration for DWI, as well as civil judgments and penalties. Handles child support enforcement litigation, including paternity matters, modification of child support orders, employer noncompliance and other enforcement issues, interstate enforcement, and appeals. Provides legal services to Department of Revenue and the Alaska Court System.

In FY 95, the section collected over \$1.8 million on judgments owed to the state, and it is anticipated that the FY 96 total will increase significantly. The section handled the state's case in which the Alaska Supreme Court ruled that a person convicted of a crime must pay, in most cases, for the cost of appointed counsel. From January to September 1995, the child support side of the section established paternity in over 1,100 cases, which means that the state can seek support for the children involved. As a part of the section's enforcement efforts, it prosecuted, and won, Alaska's first federal criminal non-support case.

**Commercial Section:** Handles legal enforcement associated with the regulation of banking, securities and investments, gaming, corporations, insurance, public

transportation, oil and gas pipelines, the many professions that are licensed by the state, and the Permanent Fund Division. Pursues collection and enforcement under state revenue laws. Provides legal services to the Departments of Commerce and Economic Development and Revenue, the Alaska Housing Finance Corporation, the Alcohol Beverage Control Board, the Employment Security Division, and the Agricultural Revolving Loan Fund.

In FY 96, Commercial Section attorneys helped to protect the public's interest in a variety of cases, including some notable ones involving occupational licensing. Section attorneys assisted the Board of Marine Pilots in deliberations on the licensing of pilots, including the pilot who ran a cruise ship into a marked rock in Southeast Alaska. The Board summarily suspended his license pending a hearing on the incident and the individual's qualifications which is scheduled for mid 1996. In another case, section attorneys facilitated a settlement with a dentist convicted of Medicaid fraud who agreed to surrender his license, which avoided hearings that would have been expensive to the state.

**Environmental Law Section (component):** Handles litigation arising out of the *Exxon Valdez* oil spill, restoration activities arising out of that litigation, and related matters. It is also responsible for implementation of a systematic approach to other cleanup and cost-recovery litigation related to contaminated sites in the state, enforcement of compliance with air and water quality laws, and defense of environmental claims against the state.

The section serves Alaskans by helping to protect the environment and restore already-damaged sites and by making sure that those who are responsible for environmental damage are required to pay the costs of remediation. Provides legal services to the Department of Environmental Conservation and the *Exxon Valdez* Trustee Council.

**Fair Business Practices Section:** Enforces the state's antitrust laws and the exercise of the Attorney General's authority under federal antitrust laws. Enforces consumer protection laws and handles legal issues related to regulation of public utilities. Provides legal services to the Alaska Public Utilities Commission, the Alaska Commission on Post-Secondary Education, and the Division of Insurance.

In FY 96, the section settled, for \$2.5 million, a major class action suit against two propane distributors; negotiated an agreement that restored TV service to the Girilwood/Turnagain Arm and southern Kenai Peninsula areas; participated actively with other states in national antitrust litigation involving the insurance and airlines industries; and brought charges against several businesses engaged in unfair and deceptive practices.

**Governmental Affairs Section:** Provides legal assistance needed for governmental management, including budget, public finance, employment, labor relations, civil rights, procurement, retirement programs, Medicaid rate disputes, and investment of treasury and Permanent Fund Corporation funds. Provides legal assistance for problems associated with institutional relationships within state government, including the separation of powers between the three branches of government and interaction between the state and local governments. Provides legal assistance on issues associated with the conduct of elections. Provides legal services to the Office of the Governor and Lt. Governor, the Division of Elections, the Office of Management and Budget, the Departments of Labor, Military and Veterans' Affairs, Administration and Community and Regional Affairs, the Permanent Fund Corporation, AIDEA, the Alaska Public Offices Commission, the Human Rights Commission, the Medicaid Rate Advisory Commission, and the Alaska Court System.

In the last year, the section assisted the Division of Elections with the 1994 general election, including the initial count, the recount, and defending against a challenge to the gubernatorial election. The section also defended a growing caseload of employment litigation.

**Legislation and Regulations Section:** Drafts legislation on behalf of the governor for introduction in the legislature, reviews all legislation before the governor takes action on it, and reviews all regulations adopted by executive agencies. Provides legal services to all state agencies, including the Office of the Governor.

In FY 96, the section was actively involved in the efforts of the administration and legislature to reform the regulatory process.

**Medicaid Provider Fraud Section (component):** Investigates and prosecutes health care providers who commit fraud against the Medicaid Program and investigates complaints of patient abuse or neglect in health care facilities receiving Medicaid funds. It helps protect Alaska's citizens and the financial resources of the Medicaid program against fraud and malfeasance.

**Natural Resources Section:** Provides legal assistance for land management issues, including state land selection, state land leasing and sales, and maritime boundary resolution. Handles legal issues concerning fish and game management and enforcement, including some fish and game prosecutions, civil forfeiture actions, and commercial fisheries limited entry program. The Juneau and Fairbanks offices include environmental enforcement activities, including compliance and emergency orders and civil penalties (in Anchorage, these activities are handled by the Environmental Section, which is a separate component). Provides legal services to the Departments of Fish and Game and Natural Resources and, in Juneau and Fairbanks, to the Department of Environmental Conservation.

During FY 96, the Natural Resources section facilitated settlement of the long-standing Yakataga timber dispute, worked closely with other state agencies to negotiate and issue permits and land use authorizations for the Ft. Knox gold mine, helped the Department of Natural Resources revise its "best interests" determination process, and was heavily involved in defending challenges to Alaskans' access to salmon in the Pacific Salmon Treaty cases.

Part of the Natural Resources Section, the **Mental Health Lands** component focuses on resolving legal issues concerning the settlement of the Mental Health Lands Trust dispute, providing advice and direction to the newly formed Alaska Mental Health Trust Authority and the Department of Natural Resources as they implement the settlement and move toward management of the trust land, and defending the state against claims for damages and attorney fees in trust-related litigation. The work of this component has made it possible for hundreds of landowners, including private individuals, businesses, and local governments, to gain clear title to lands acquired from the state.

The Natural Resources Section also includes the **Federal Relations** component which is responsible for legal matters involving the federal government, including lawsuits and negotiations on natural resource and land management issues such as subsistence, fish and game management and access, ANILCA challenges, and submerged land title claims. The component helps defend the state against encroachment by the federal government into areas traditionally regulated by the state and litigates complex cases that will have a profound and lasting impact on management of Alaska's natural resources.

**Oil, Gas, and Mining Section (component):** Litigates oil, gas, and mining resource disputes involving the state. It protects Alaskans' interests by making sure that the state receives the royalty and tax revenues to which it is entitled for current and past production, taking actions to enforce the Statehood Compact, defending against challenges to state oil and gas lease sale programs, and protecting the state's title to resource-rich lands. Provides legal services to the Departments of Revenue and Natural Resources, and to the Alaska Oil and Gas Conservation Commission.

In FY 96, the section successfully prosecuted many cases, including one involving a habitual offender who had defrauded the system for hundreds of thousands of dollars.

**Special Litigation Section:** Supervises all litigation involving tort claims against the state and state employees and admiralty/personal injury cases. Defends workers' compensation cases in which the state is the employer. Provides legal services to Division of Risk Management and, through it, to all state agencies.

In FY 96, decisions in several Alaska Supreme Court cases handled by the Special Litigation section have established or reaffirmed discretionary immunity for decisions made by state agencies. These include a case in which the Department of Transportation was declared not liable for the design of a highway. Through court decisions such as these, and successful negotiation of settlements, Special Litigation attorneys defend the state against unreasonable claims and save the state money.

**Transportation and Public Facilities Section:** Provides legal assistance on issues involving construction and operation of the state's public facilities, including ferries, airports, highways, harbors, communications facilities, and buildings. Provides legal service to the Department of Transportation and Public Facilities.

In FY 96, the section successfully defended the position of the Department of Transportation that the merit principle of employment in the Alaska Constitution does not forbid state agencies from seeking to reduce public spending by "privatizing" state jobs, a decision that gives the governor and the legislature a tool to use in dealing with the state's declining state revenue and budget problems. The section also assisted a special commission established to review leasing practices and policies at the state's international airports and helped expedite the development of the new fuel farm and operation and maintenance site contracts at the Anchorage airport.

**Welfare Fraud Section:** Investigates and prosecutes persons obtaining welfare benefits by fraud. Provides legal services to the Department of Health and Social Services.

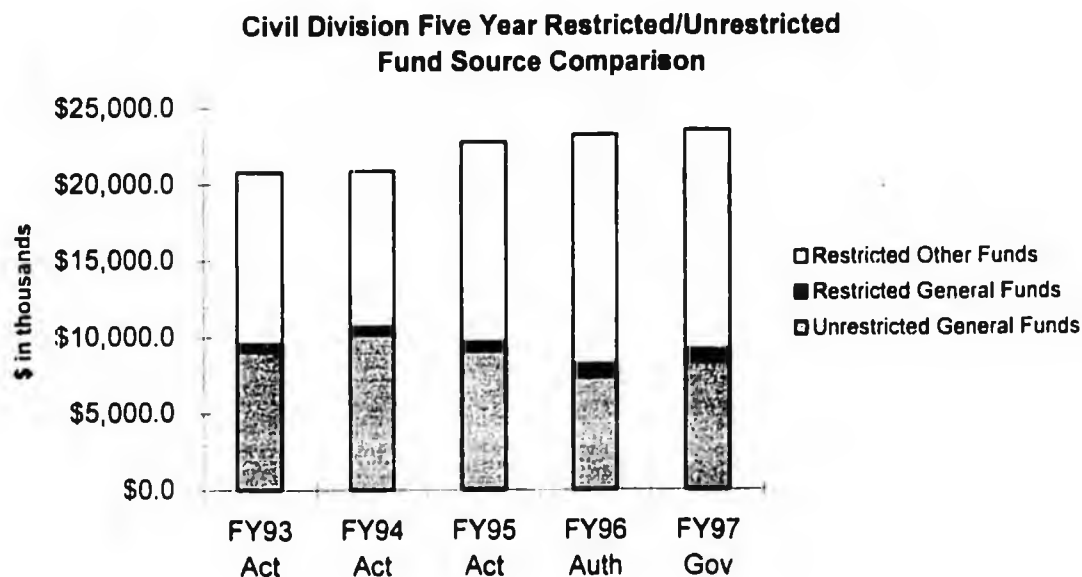
**POSITIONS BY LOCATION AND SECTION**  
Civil Division

Section	Juneau					Anchorage				Fairbanks				Nome			Statewide			
	DAG	Atty	Para-prof	Support Staff	TOTAL	Atty	Para-prof	Support Staff	TOTAL	Atty	Para-prof	Support Staff	TOTAL	Atty	Support Staff	TOTAL	Atty	Para-prof	Support Staff	TOTAL
<i>Statewide: Authorized Positions</i>	1	34.5	8	26.5	70	82	29	50	161	14	2	10	26	1	1	2	131.5	39	87.5	258
Mandatory Vacant Positions (personal svcs underfunding)		-2			-2	-3	-1		-4			-1	-1				-5	-1	-1	-7
<i>Statewide: Filled Positions</i>	1	32.5	8	26.5	68	79	28	50	157	14	2	9	25	1	1	2	126.5	38	86.5	251
Collec/Child Support		1			1	6	5		11	2	1		3				9	6		15
Commercial		4	1		5	5.5			5.5	1			1				10.5	1		11.5
Environmental						6	1		7								6	1		7
Fair Business Prac						6.5	2		8.5								6.5	2		8.5
Governmental Affrs		6			6	8	1		9								14	1		15
Human Services		5.5	1		6.5	8	2		10	3			3				16.5	3		19.5
Legislation/Regs		1	2		3												1	2		3
Medicaid Fraud						1	3		4								1	3		4
Natural Resources		6			6	15	3		18	2			2				23	3		26
Oil, Gas/Mining		5	3		8	10	6		16								15	9		24
Special Litigation		2	1		3	6	3		9	2	1		3				10	5		15
Transportation		2			2	6	1		7	4			4				12	1		13
Welfare Fraud						1	1		2								1	1		2
General Civil														1	1	2	1		1	2
Clerical Pool				16.5	16.5			50	50			9	10						75.5	75.5
Administrative Support				9	9														9	9
Central Office	1			1	2														1	1

**FIVE YEAR FUNDING HISTORY**  
Civil Division - Operating Sections<sup>1</sup>

	FY93 Act	FY94 Act	FY95 Act	FY96 Auth	FY97 Adj Base	FY97 Gov
<b>Civil Division</b>						
Federal Funds	404.1	441.9	391.3	416.5	420.6	420.6
GF Match	45.0	49.0	55.4	97.4	98.4	98.4
General Fund	9,105.7	10,183.2	9,115.8	7,388.1	8,360.4	8,360.4
Program Receipts	304.3	347.1	400.3	598.2	602.6	602.6
MHTIA/GF	63.4	63.6	66.2	0.0	0.0	0.0
Interagency Receipts	10,477.9	9,443.5	11,831.4	13,491.3	13,611.5	13,611.5
GF/MH	0.0	0.0	0.0	66.2	67.2	67.2
I-A/Oil Hazardous	397.6	330.0	482.3	380.0	381.5	381.5
CIP Receipts	0.0	0.0	402.2	798.4	807.7	0.0
	<b>20,798.0</b>	<b>20,858.2</b>	<b>22,744.9</b>	<b>23,236.1</b>	<b>24,349.9</b>	<b>23,542.2</b>

<b>Unrestricted General Funds</b>	9,105.7	10,183.2	9,115.8	7,388.1	8,360.4 <sup>2</sup>	8,360.4
<b>Restricted General Funds</b>	412.7	459.7	521.9	761.8	768.2	768.2
<b>Restricted Other Funds</b>	11,279.6	10,215.4	13,107.2	15,086.2	15,221.3	14,413.6
<b>Unrestricted GF as % of Total Funds</b>	<b>43.8%</b>	<b>48.8%</b>	<b>40.1%</b>	<b>31.8%</b>	<b>34.3%</b>	<b>35.5%</b>



<sup>1</sup> Excludes judgments, unanticipated RSAs and Oil/Gas and EVOS Litigation appropriations.

<sup>2</sup> Includes \$900.0 transfer of Federal Relations funding from Capital to Operating budget.

## REIMBURSABLE SERVICE AGREEMENTS

FY 95 Actuals - FY 97 Governor

Department	Description	95 Auth	95 Act	Diff Act/Auth	96 Auth	97 Gov
<b>CRIMINAL DIVISION</b>						
Public Safety	Anti-drug enforcement & prosecution	291.5	291.0	(0.4)	291.5	295.5
DEC	Environmental crimes unit	166.5	137.4	(29.1)	166.5	168.8
	<b>Subtotal, Criminal Division External Budgeted RSAs</b>	<b>457.9</b>	<b>428.4</b>	<b>(29.5)</b>	<b>458.0</b>	<b>464.3</b>
	<b>Subtotal: Criminal Division Unanticipated RSAs (see attached)</b>		<b>38.0</b>	<b>38.0</b>		
	<u>Total Criminal Division RSAs</u>	<u>457.9</u>	<u>466.4</u>	<u>8.5</u>	<u>458.0</u>	<u>464.3</u>
<b>CIVIL DIVISION</b>						
<b>General Legal Services</b>						
Administration	Risk Management: general personal injury litigation	1,656.6	1,667.3	10.8	1,672.5	1,792.7
Administration	Retirement & Benefits advanced legal services	95.4	87.8	(7.5)	109.9	111.2
Commerce	Occupational Licensing: legal services	291.9	280.0	(11.8)	348.5	352.8
Commerce	Investments loan collection	210.8	92.8	(117.9)	160.0	161.8
Commerce	Insurance fraud	246.7	239.1	(7.5)	238.9	242.0
Commerce	Alaska Public Utilities Commission staff counsel	245.8	223.5	(22.2)	253.9	257.0
Commerce	Alaska Public Utilities Commission advanced paralegal services	75.2	74.4	(0.7)	76.0	77.1
Commerce	AIDEA: legal services	93.8	95.0	1.3	97.0	98.4
Commerce	AIDEA, AEA/REO legal services	150.5	136.9	(13.5)	135.5	146.2
Community/Reg'l Aff	Rural energy projects & programs legal services	128.5	87.7	(40.7)	136.3	112.9
Corrections	Community residential center collections	69.4	54.3	(15.0)	74.3	93.1
Education	Education legal services	79.4	89.7	10.4	104.2	105.5
Education	Post-secondary Education Commission legal services		0.0	0.0	0.0	100.0
Education	Professional Teaching Practices Commission legal services		0.0	0.0	0.0	17.0
Environmental Cons	Legal svcs for LUST, federal compliance, Dept. of Defense (funded in Env Law in FY 96)	63.3	18.3	(45.0)		
Environmental Cons	General env law for GF programs (funded in Env Law in FY 96)	196.6	89.2	(107.4)		
Fish/Game	Fish & Game Fund: vessel forfeiture legal services	211.5	153.5	(57.9)	232.9	221.5
Governor	Coastal zone management issues	93.8	125.5	31.8	100.0	101.4
Health/Social Svcs	Welfare Fraud Investigation Unit	433.8	250.0	(183.7)	250.0	230.3
Health/Social Svcs	Medical Assistance, Medicaid Rate Commission legal services	183.4	195.0	11.7	194.6	196.9
Labor	Unemployment insurance collections	92.8	95.0	2.3	100.1	101.3
Labor	Wage/Hour enforcement, Occupational Safety/Health	84.5	129.7	45.3	164.4	136.3
Law	Federal relations (funded in capital budget - CIP rcpts from FY 95)					
Military/Veterans Aff	Emergency Response Comm legal svcs (funded in Env Law in FY96)		2.8	2.8		
Natural Resources	Agricultural Loan Fund collections	250.0	299.8	49.8	263.4	214.9
Revenue	AHFC: legal services including loan collection	198.6	245.6	47.1	256.0	259.3
Revenue	AHFC: public housing projects legal services	125.5	128.0	2.6	131.8	133.4
Revenue	AK Permanent Fund Corporation legal counsel	101.4	97.0	(4.3)	105.0	106.5

**REIMBURSABLE SERVICE AGREEMENTS**

FY 95 Actuals - FY 97 Governor

Department	Description	95 Auth	95 Act	Diff Act/Auth	96 Auth	97 Gov
Revenue	Charitable Gaming: legal services	45.0	35.0	(9.9)	29.3	29.6
Revenue	Child Support Enforcement Division	464.2	1,029.7	565.6	1,422.6	1,432.0
Revenue	Permanent Fund Dividend Division legal services	87.9	43.4	(44.4)	41.1	41.6
Trans/Pub Fac	International Airports legal services	148.4	233.6	85.3	161.4	163.3
Trans/Pub Fac	Marine Highways legal services	0.0	144.1	144.1	145.2	146.9
Trans/Pub Fac	Statewide projects & programs	2,163.4	1,666.4	(496.9)	2,165.5	1,909.4
	<u>Subtotal, External Budgeted RSAs</u>	<u>8,286.8</u>	<u>8,111.3</u>	<u>(175.5)</u>	<u>9,170.3</u>	<u>9,092.3</u>
	Unanticipated RSAs (See attached)		4,487.5	4,487.5	0.0	0.0
	<u>Total General Legal Services RSAs</u>	<u>8,286.8</u>	<u>12,598.8</u>	<u>4,312.0</u>	<u>9,170.3</u>	<u>9,092.3</u>
<b>Environmental Law</b>						
<u>Interagency Receipts</u>	<i>Env Law I/AR RSAs Budgeted Prior to FY96 in Legal Svcs Ops</i>					
DMVA	Emergency Response Commission legal services			0.0	25.0	25.0
Environmental Cons	Legal services for LUST, federal compliance, Dept. of Defense				63.3	63.3
Environmental Cons	General environmental law for GF programs				85.0	85.6
	<u>Total Environmental Law Interagency RSAs</u>				<u>173.3</u>	<u>173.9</u>
<u>Interagency/Oil &amp; Hazardous Release Response Fund (I-A/Oil Hz)</u>						
Environmental Cons	General programs for oil/haz fund including EVOS	355.0	330.0	(25.0)	330.0	381.5
Environmental Cons	Oil spill legal services	805.2	152.3	(652.9)	50.0	0.0
	<u>Total Environmental Law I-A/Oil Hz RSAs</u>	<u>1,160.2</u>	<u>482.3</u>	<u>(677.9)</u>	<u>380.0</u>	<u>381.5</u>
	<b>Subtotal: Civil Division External Budgeted RSAs (all fund sources)</b>	<b>9,447.0</b>	<b>8,593.7</b>	<b>(853.3)</b>	<b>9,550.3</b>	<b>9,473.8</b>
	<b>Subtotal: Civil Division Unanticipated RSAs (all fund sources)</b>	<b>0.0</b>	<b>4,487.5</b>	<b>4,487.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Department (Criminal and Civil) External Budgeted RSAs (all fund sources)</b>		<b>9,904.9</b>	<b>9,022.1</b>	<b>(882.8)</b>	<b>10,008.3</b>	<b>9,938.1</b>
<b>Department (Criminal and Civil) Unanticipated RSAs (all fund sources)</b>		<b>0.0</b>	<b>4,525.5</b>	<b>4,525.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Internal RSAs (double counted in budget totals: once as original GF/Other appropriation, second as interagency receipts)</b>						
Law	Oil, Gas and Mining section costs (from Oil/Gas Litigation approp)	3,132.9	3,665.3	532.4	3,923.7	3,950.9
Law	Funding for DP/procurement positions (from Criminal/Civil Divisions)	224.0	93.8	(130.2)	224.0	394.3
Law	Funding for Timekeeping section (from Civil Division)	200.3		(200.3)		
	<u>Total Internal RSAs</u>	<u>3,557.2</u>	<u>3,759.1</u>	<u>201.9</u>	<u>4,147.7</u>	<u>4,345.2</u>
<b>Dept (Criminal &amp; Civil) - All Interagency Receipts (External, Internal, Unanticipated)</b>		<b>12,301.9</b>	<b>16,824.3</b>	<b>4,522.4</b>	<b>13,949.3</b>	<b>14,075.7</b>
<b>Dept (Criminal &amp; Civil) - Interagency/Oil &amp; Hazardous Release Response Fund</b>		<b>1,160.2</b>	<b>482.3</b>	<b>(677.9)</b>	<b>380.0</b>	<b>381.5</b>

**UNANTICIPATED REIMBURSABLE SERVICE AGREEMENTS  
FY 95 Actuals**

		In-house Costs Law	Outside Counsel & Experts
<b>CRIMINAL DIVISION</b>			
Public Safety	Legal issues related to alcohol and DMV	18.0	0.0
Labor	Criminal prosecution of occupational safety violations, <i>St. v. Houston</i>	0.0	20.0
<i>Subtotal: Criminal Division Unanticipated RSAs (interagency receipts)</i>		18.0	20.0
<b>CIVIL DIVISION</b>			
Administration	Case specific legal services and costs re: DEC lab claims dispute.	9.0	0.0
Administration	Participation in Group Annuity Participants Protection Assoc. (GAPPA) to protect investments w/ Executive Life of California. <u>FY95 expenditures from this multi-year RSA were only \$1,525.00.</u>	0.0	1,197.4
Administration	One time legal services re: GS&S-Monitor federal surplus property requirements by CIRI re: 26 hovercraft.	7.2	0.0
Administration	Outside counsel and experts in litigation related to Executive Life, associated recovery of SBS investments, and prosecution of investment advisor. <u>FY95 expenditures from this multi-year RSA were \$533,661.00.</u>	0.0	1,126.7
Commerce	Expert outside legal counsel to advise AK Science & Technology Foundation re: technology development issues including patent, copyright, and other matters.	0.0	60.0
Commerce	Outside counsel (Texas jurisdiction) travel, and deposition costs re: occ. licensing case, <i>St. v. Lisa C. Routh, M.D.</i>	1.4	10.7
Courts	Outside counsel in <i>Carr Gottstein v. St.</i> re: protest of Anch. Times Bldg. purchase.	0.0	70.0
Courts	General legal advice regarding bid protests and construction claims related to the Anchorage courthouse expansion.	4.2	0.0
Courts	Represent Court System in regard to efforts of IBEW to organize specific groups of Court System employees.	1.9	0.0
Environmental Cons	Outside counsel to undertake expedited review and edit of proposed revisions to clean air regulations.	0.0	25.0
Environmental Cons	Experts and legal advice in ongoing litigation regarding contract claims related to construction of Juneau DEC Lab.	3.9	24.4
Governor	Special project re: Pioneers Home Task Force - review/recommend re: eligibility/residency issues.	1.4	0.0
Natural Resources	Expert review/verification of USFS appraisals in support of habitat protection negotiations on behalf of Exxon Valdez Trustee Council.	0.0	25.0
Natural Resources	Additional review/verification of USFS appraisals in support of habitat protection negotiations on behalf of Exxon Valdez Trustee Council (please note: this second RSA was required due to change in federal fiscal year).	0.0	50.0
Education	Wash. D.C. legal counsel to advise and represent state in the appeal of <i>AkDOE v. USDOE</i> , re: funding for vocational rehabilitation.	0.0	9.1
Education	Postsecondary Education Commission-legal advice re: postsecondary institution regulatory efforts. ( <i>Budgeted in FY 97.</i> )	61.9	0.0
Education	Professional Teaching Practices Commission-legal svcs re: teacher certification matters. ( <i>Budgeted in FY 97.</i> )	17.0	0.0

Education	Settlement payment, experts, and limited legal services in defense of claims in <i>City of Toksook Bay, et. al. v. Lower Kuskokwim School District and State of Alaska, DOE.</i>	1.7	43.3
Fish/Game	Expert outside legal counsel to advise state attorneys regarding defense of Commercial Fisheries Entry Commission in appeal of <i>Carlson v. CFEC</i> before the Alaska Supreme Court.	0.0	4.2
Governor	Ak Coastal Management Program project-report on federal laws exempting federal agencies from federal consistency requirements.	1.1	0.0
Health/Social Svcs	Case specific legal services and experts related to a Medicaid provider fraud case, <i>St. v. McConnell</i> (please note: due to federal funding restrictions this case could not be billed against the budgeted Medicaid Fraud RSA).	36.2	22.7
Health/Social Svcs	Outside counsel to undertake expedited review and edit of minor revisions to Medicaid audit regulations.	0.0	2.2
Health/Social Svcs	Expert legal counsel (Wash. D.C.) to advise and represent state on issues related to federal public assistance programs including Medicaid, AFDC, Food Stamps, federal welfare reform, and associated block grant proposals.	0.0	57.6
Health/Social Svcs	Participation in Public Assistance Joint-State advisory service to obtain ongoing legal advice on federal public welfare programs.	0.0	5.0
Health/Social Svcs	Assessment of federal welfare reform with regard to state's new responsibilities under federal block grants.	0.8	0.0
Natural Resources	Legal services related to RS2477 lands. <u>FY95 expenditures from this multi-year RSA were \$32,065.00.</u>	43.4	0.0
Natural Resources	Court-mandated expert appraisal and analysis of sustained yield and allowable cut for the Yakataga Forest.	0.0	12.9
Revenue	Contracts with six expert outside legal firms for advice and/or representation of AHFC in various areas.	0.0	350.0
Revenue	Expert outside legal counsel to advise the Alaska Permanent Fund Corporation on matters related to the Corporation's investment activities.	0.0	874.3
Revenue	Hire expert to advise the state on specific tax-related questions.	0.0	25.0
Trans/Pub Fac	Outside legal counsel to advise and represent Anchorage and Fairbanks international airports in MarkAir bankruptcy proceedings.	0.0	9.9
Trans/Pub Fac	Expert outside legal counsel to advise and represent Alaska Marine Highway System in contract claims disputes related to refurbishment of the MV's MALASPINA and TUSTUMENA. <u>FY95 expenditures from this multi-year RSA were \$93,029.00.</u>	0.0	125.0
<i>Subtotal: Interagency Receipts</i>		191.1	4,130.4
<u>Interagency/Oil &amp; Hazardous Release Response Fund</u>			
Environmental Cons	Additional Response Fund legal services that exceeded annual, budgeted RSA authorization. Not a "new" RSA.	166.0	
<i>Subtotal: Civil Division Unanticipated RSAs (all fund sources)</i>		357.1	4,130.4
<b>Department (Criminal &amp; Civil) - Interagency Receipts</b>		<b>209.1</b>	<b>4,150.4</b>
<b>Department (Criminal &amp; Civil) - Interagency/Oil &amp; Hazardous Release Response Fund</b>		<b>166.0</b>	<b>0.0</b>

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The Administrative Services Division

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## ADMINISTRATIVE SERVICES DIVISION ORGANIZATION

The **Administrative Services Division** performs the following functions for the department:

**Budgeting:** Preparing and implementing the annual budget for the entire department; managing the day-to-day finances of the department during the course of the fiscal year.

**Timekeeping:** Developing and implementing federally-approved cost allocation plans and the department's attorney and paraprofessional rate structure; managing the Civil Division's full-time attorney and paraprofessional time reporting system; generating client billings.

The Department of Law will have universal timekeeping for the Civil Division by the end of FY 96. At present, only interagency receipt funded attorneys are required to keep track of their time. The department fully agrees with the Management Review Team's comments on this issue:

*Information available from the timekeeping system should enable the department to determine where its resources are being utilized, agency by agency, case by case. Ultimately, it should provide objective measures to determine the true cost of legal services to support state government programs and activities, who actually is using those services and to what extent.*

*A sound timekeeping system allows increased cost recovery in certain types of litigation, keeps client agencies informed, improves information needed by the Legislature and the Department of Law for its budget presentations and gives management the tools to prioritize work.<sup>1</sup>*

**Personnel and Payroll Support:** Day-to-day personnel and payroll management; training in personnel management; assisting managers and supervisors with employee relations and position review and classification; monitoring and providing advice about compliance with personnel rules and labor relations rulings.

**Accounting:** Performing all accounting functions for the department with centralized accounts payable/receivables; review and payment of professional services contracts; federal grant and sub-grant reporting.

**Procurement:** Managing the procurement process for outside legal counsel and expert contracts as well as for property control and centralized supply purchases.

**Data Processing:** Programming maintenance for large computerized databases used by staff of the Civil Division in the pursuit of major litigation involving many millions of dollars in potential future revenue to the state treasury; maintaining the departmental databases used for case management, timekeeping, brief indexing and constitutional minutes; and supporting 450 plus individual users of personal computers and the department's LAN/WAN systems interconnecting all PC users in the department.

Information technology in the Department of Law was a priority to the Management Review Team as a way to improve productivity in the face of increasing workloads and decreasing budgets. The review team stressed the need for improved automation planning and active involvement in that process by top managers. The team also stressed the need for the department to speed up its transition to distributed computing power.<sup>2</sup>

The department is responding to these concerns by increasing the role of the internal Information Management Committee, expanding training opportunities, and strengthening management of the data processing section. The Attorney General has reiterated his insistence that this remain of the highest priority to the department.

While increasing data processing staff would improve and accelerate the process of moving to a completely distributed process, this is not possible given the department's budget constraints. The division is reorganizing its data processing section to use its existing resources to respond to the concerns of the Review Team.

<sup>1</sup> Conference of Western Attorneys General, *Alaska Management Team Report to Attorney General Bruce Botelho and the Alaska Department of Law*, November 1995, p. 33-34.

<sup>2</sup> *Ibid.*, pp. 30-32.

1/22/96



**State of Alaska  
Department of Administration**

# **FY 97 Budget Overview**

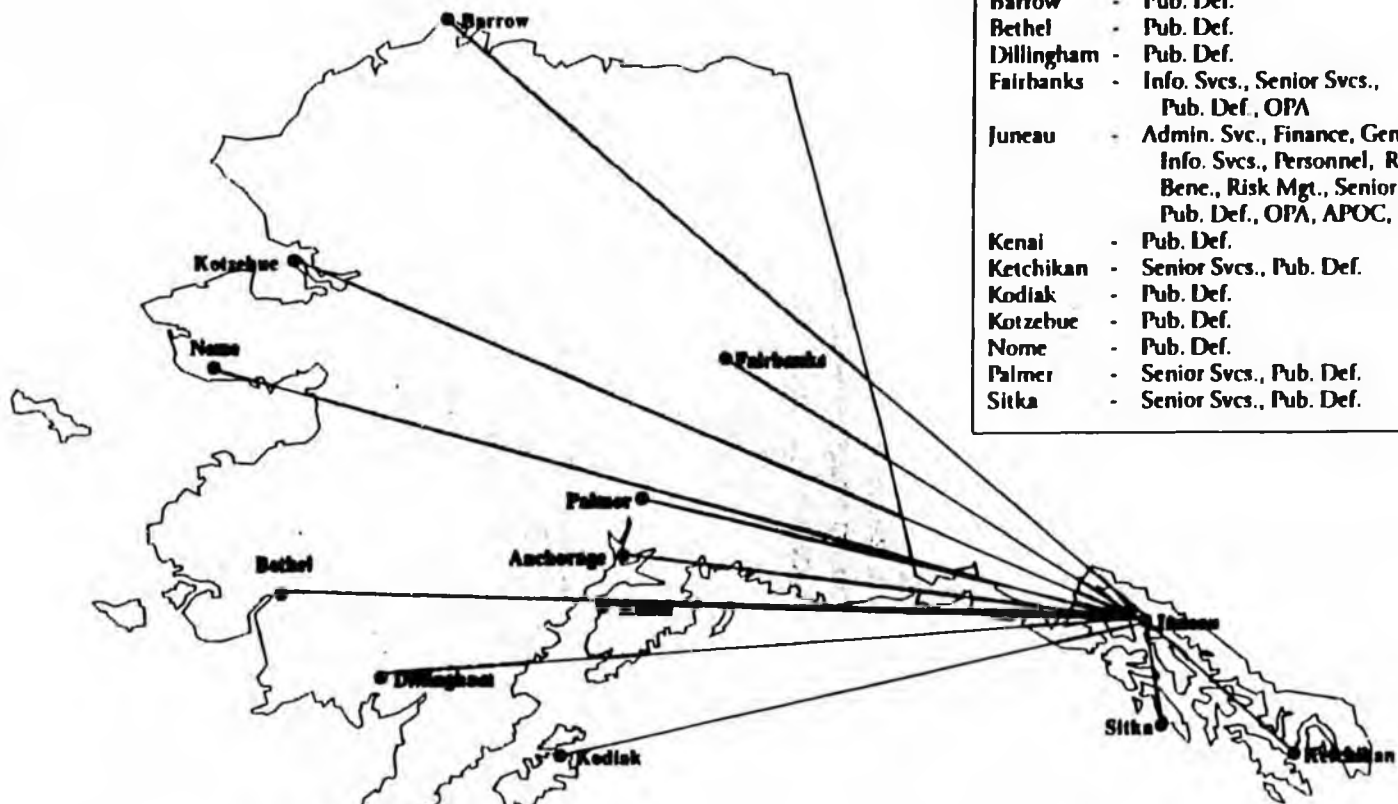


**January 1996**

**Tony Knowles, Governor  
Mark Boyer, Commissioner**

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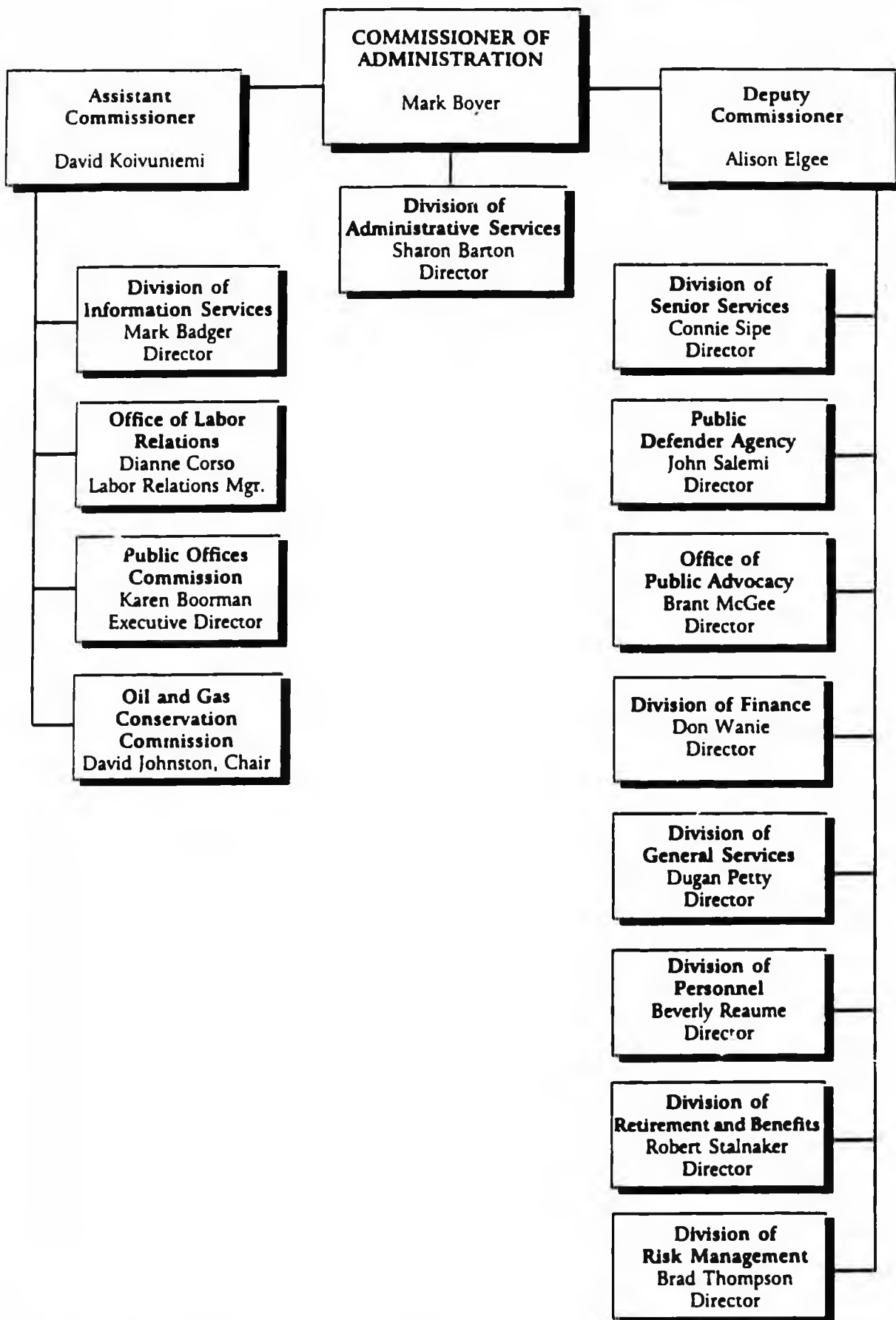


City	Divisions
Anchorage	- Gen. Svcs., Info. Svcs., Personnel, Ret. & Bene., Senior Svcs., Pub. Def., OPA, APOC, AOGCC
Barrow	- Pub. Def.
Bethel	- Pub. Def.
Dillingham	- Pub. Def.
Fairbanks	- Info. Svcs., Senior Svcs., Pub. Def., OPA
Juneau	- Admin. Svc., Finance, Gen. Svcs., Info. Svcs., Personnel, Ret. & Bene., Risk Mgt., Senior Svcs., Pub. Def., OPA, APOC, APBC
Kenai	- Pub. Def.
Ketchikan	- Senior Svcs., Pub. Def.
Kodiak	- Pub. Def.
Kotzebue	- Pub. Def.
Nome	- Pub. Def.
Palmer	- Senior Svcs., Pub. Def.
Sitka	- Senior Svcs., Pub. Def.

**STATE OF ALASKA**  
**Department of Administration**  
**Office Locations**

## INTRODUCTION

**DEPARTMENT OF ADMINISTRATION  
ORGANIZATION CHART**



**DEPARTMENT OF ADMINISTRATION  
Functional Organization**

<b>Division Director and Phone #</b>	<b>Services to State Agencies</b>	<b>Services to the Public</b>	<b>Services Internal to the Department</b>
<b>Commissioner's Office</b> Mark Boyer 465-2200	Budget Review Committee State Bond Committee Student Loan Corp. Correctional Industries Telecom. Info. Council	Public Information Older Alaskan Commission/ Grants	Department Management
<b>Labor Relations</b> Dianne Corso 465-4403	Contract Administration Grievance arbitration Contract Negotiations Investigations and Training		
<b>Administrative Services</b> Sharon Barton 465-2277		Municipal Grants Hearing Officer	Departmental, Personnel, Fiscal, Payroll, Property, Procurement, Publications
<b>Personnel</b> Beverly Reaume 465-4433	Eligible Hire Lists Classification and Pay EEOC Complaint Investigations Productivity Improv. Center (PIC) Personnel Board	Recruitment	
<b>Finance</b> Don Wanie 465-2240	Payroll Accounting Systems Management	Annual Financial Report 1099s, W-2s	
<b>General Services</b> Dugan Petty 465-5685	Purchasing Property Control Leasing and Facilities Central Duplication and Mail	Surplus Property Sales Vendor Lists Bid Offerings Surplus Fed. Property Distribution	Mail Delivery and Pickup
<b>Retirement and Benefits</b> Robert F. Stalnaker 465-4470	Employee Health Insurance Retirement Programs SBS Benefits Group Health Insurance Deferred Compensation PERS/TRS Boards Supplemental Annuity Plan		
<b>Risk Management</b> J. Brad Thompson 465-2180	Property Insurance Liability Insurance Self-Insurance	Claims Administration	
<b>Information Services</b> Mark Badger 465-5766	Customer Services Computer Services Telecommunication Services	Public Communication Services	
<b>Public Broadcasting Commission</b> Robert Jenkins 465-2846		Grants and Technical Assistance to Public Radios/TV Grantees	
<b>Senior Services</b> Connie Sipe 465-4791 563-5654		Pioneers' Homes Longevity Bonus Grants and Technical Assistance to Seniors' Organizations LTC Ombudsman Adult Protective Services CHOICE for the Elderly	
<b>Public Defender</b> John Salemi 264-4400		Defense for Indigents	
<b>Office of Public Advocacy</b> Brant McGee 274-1684		Defense for Indigents Guardians Ad Litem Conservator Services	
<b>Public Offices Commission</b> Karen Booman 276-4176		Regulation of Campaign Finance Conflict of Interest Lobbying Legislative Financial Disclosure	
<b>Oil and Gas Conservation Commission</b> David Johnston Chairman 279-1433		Oil and gas development and production	

**DEPARTMENT OF ADMINISTRATION**  
**Functional Organization Contacts\***

**Administrative Services**

Budget - Eric Swanson (5654)  
Fiscal - Chris Parce (5653)  
Hearing Officer - Keith Gilmore (5667)  
Human Resources - Mary Wanie (5658)  
Municipal Grants - Lena Simmons (5647)  
Payroll - Judy Elphic (5661)  
Property - Robin Robinson (5651)  
Procurement - Robin Robinson (5651)  
Publications Center - Tania Zolotareff (5644)

**Commissioner's Office**

Budget Review Committee - Mark Boyer (2200),  
Alison Elgee (2200)  
Correctional Industries - Mark Boyer (2200)  
Department Management - Mark Boyer (2200),  
Alison Elgee (2200)  
Public Information - Mark Boyer (2200),  
Alison Elgee (2200)  
State Bond Committee - Mark Boyer (2200)  
Student Loan Corporation - Mark Boyer (2200)  
Telecom. Info. Council - Mark Boyer (2200)

**Finance**

Accounting - Weldon Blackwell (5614)  
Payroll - Mark Minthorn (5599)  
Annual Financial Report - Joe Thomas (5616)  
Systems and Programming Mgt. - David Essary  
(5615)  
System Administration and Security - Debbie Bump  
(5603)  
W-2s/1099s - Jim Barnes (5590)

**General Services**

Central Duplication - Charlie Wolfe (2282)  
Leasing and Facilities - Faye Bain (5689)  
Purchasing - Vern Jones (5684)  
Property Control - Diane Kochendorfer (279-0596)  
Surplus Property - Diane Kochendorfer (279-0596)  
Vendor Lists - Vern Jones (5684)  
Central Mail - John Schauwecker (2259)

**Information Services**

Public Communication Services - Mark Badger  
(2220)  
Customer Services - Karen Morgan (5794)  
Computer Services - Ron Hensley (5789)  
Telecommunication Services - John Morrone  
(269-5744)

**Labor Relations**

Contract Negotiations - Dianne Corso (4403)  
Contract Administration - Dianne Corso (4403),  
Mila Doyle (3812),  
Lee Powelson (3798)  
Grievance/arbitration - Mila Doyle (3812),  
Lee Powelson (3798)

Investigations - Dianne Corso (4403)  
Training - Mila Doyle (3812)

**Retirement and Benefits**

Deferred Compensation - Anselm Staack (5703)  
Group Health and Life Insurance - Janet Parker (4473)  
Supplemental Annuity Plan - Anselm Staack (5703)  
PERS/TRS Boards - Robert Stainaker (4470)  
Retirement Programs - Bill Church (5700)  
SBS Benefits - Janet Parker (4473)

**Oil and Gas Conservation Commission**

General Information - David Johnston (279-1433)

**Office of Public Advocacy**

Guardian/Conservator Services - Margaret Carey  
(274-1684)  
Defense for Indigents - Leslie Hiebert (274-1684)  
Guardians Ad Litem - Barbara Malchick (274-1684)

**Personnel**

Classification and Pay - Patty Judson (4425)  
Eligible Hire Lists - Adrienne Snow (3849)  
Productivity Improvement Ctr. - Arlene Abbott (3412)  
Personnel Board - Mike McMullen (4431)  
Recruitment - Elaine Williams (4054)  
EEOC Complaints - Phyllis Schmidt (563-0226)

**Public Broadcasting Commission**

General Information - Bob Jenkins (2846)

**Public Defender**

General Information - John Salemi (264-4400)

**Public Offices Commission**

Campaign Finance - Greg Granquist (276-4176),  
Chris Ellingson (276-4176)  
Conflict of Interest - Nancy Freeman (276-4176)  
Lobbying - Brooke Miles (4864)  
Legislative Financial Disclosure - Nancy Freeman  
(276-4176)

**Risk Management**

Property Insurance - Lou Edwards (2183)  
Claims Administration - Ted Lehrbach (5724)  
Liability Insurance - Bill Chisham (2184)  
Self-Insurance - Brad Thompson (5723)

**Senior Services**

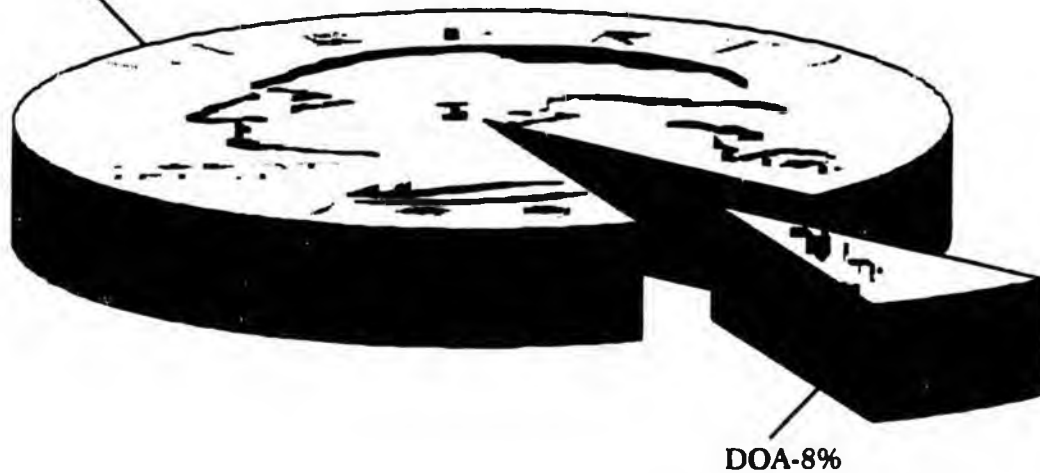
Adult Protective Services - Connie Sipe (563-5654)  
Grants and Technical Assistance  
to Seniors' Organizations - Jane Demmert (4400)  
Longevity Bonus - James Kohn (4400)  
LTC Ombudsman - Jane Demmert (4400)  
Pioneers' Homes - James Kohn (4400)  
CHOICE for the Elderly - Connie Sipe (563-5654)

\* All telephone numbers are 465 prefixes unless specified

# Department of Administration

## FY 97 General Fund Operating Budget Comparison

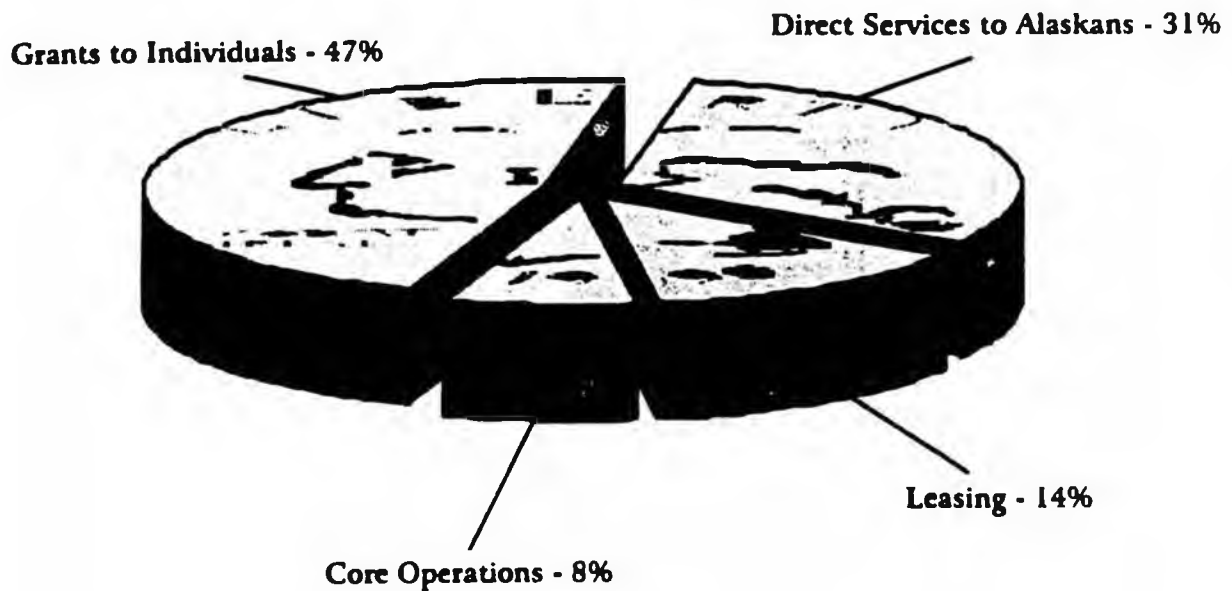
All Other State Agencies - 92%



All Other State Agencies	\$2,052,234.7
DOA	\$ 173,233.7
<b>Total State Operating Budget</b>	<b>\$2,225,468.4</b>

# Department of Administration

## FY 97 General Fund Operating Budget by Service Category

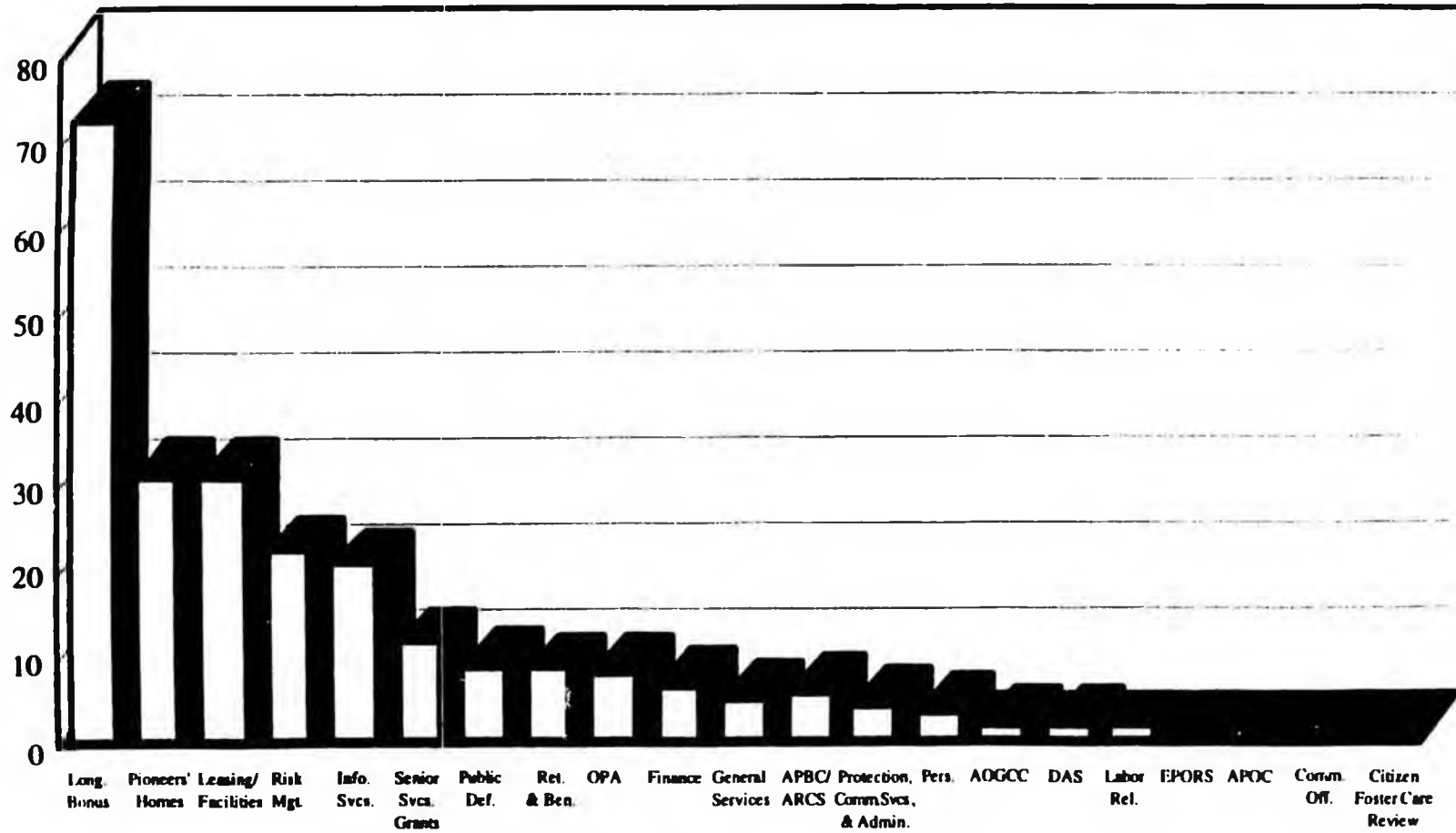


<b>Grants to Individuals</b>	<b>\$ 82,212.4</b>
<b>Direct Services to Alaskans</b>	<b>\$ 53,506.2</b>
<b>Leasing</b>	<b>\$ 24,177.6</b>
<b>Core Operations</b>	<b>\$ 13,337.5</b>
<b>Total DOA GF Budget</b>	<b>\$173,233.7</b>

<b>Grants to Individuals</b>	<b>Direct Services to Alaskans</b>	<b>Leasing</b>	<b>Core Operations</b>
Commission on Aging Longevity Bonus Public Communications	Pioneers' Homes Protection, Community Svcs., and Administration Public Defender Citizens Foster Care Review Office of Public Advocacy Alaska Public Offices Commission Public Communications Administration EPORS ARCS AOGCC		Office of the Commissioner Administrative Services Personnel Labor Relations Finance General Services

DEPARTMENT OF ADMINISTRATION

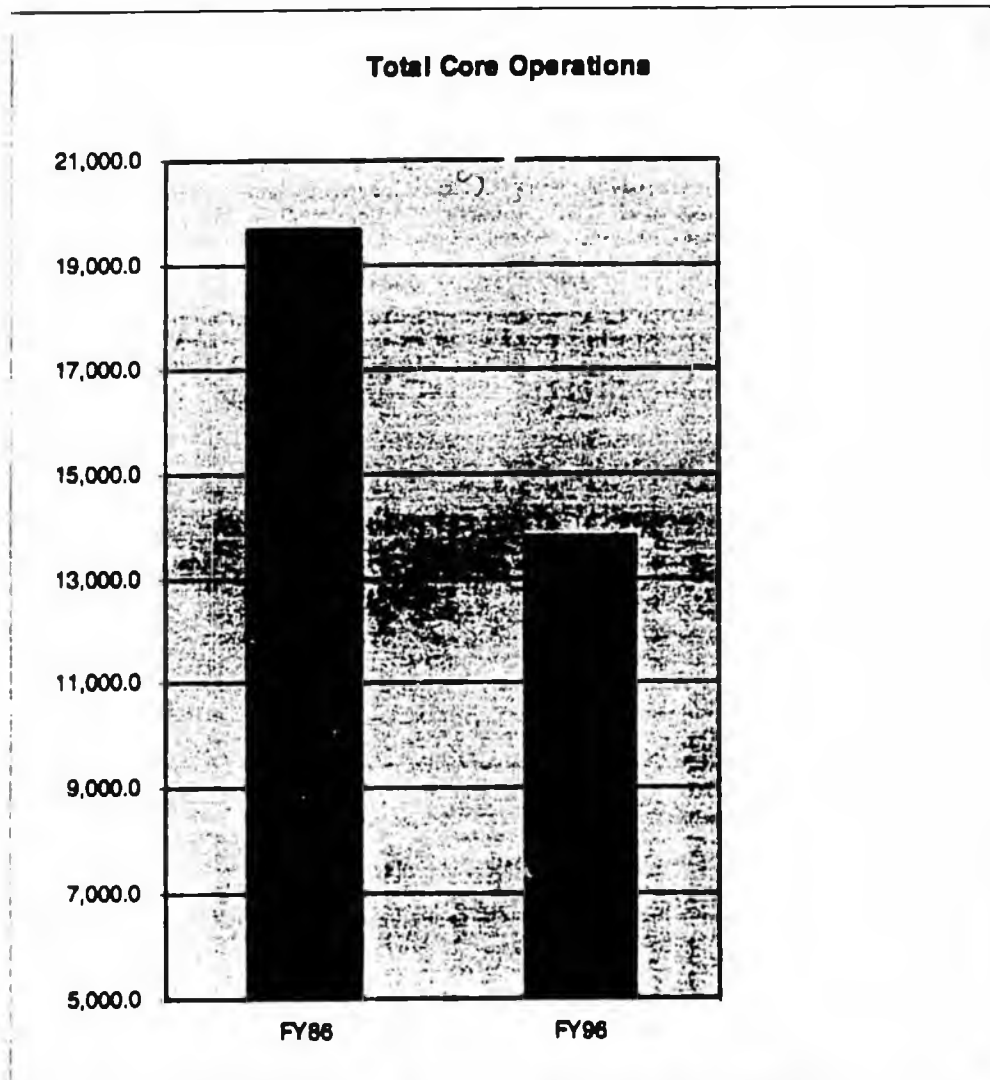
FY 97 Operating Budget Comparison by Program—All Funds  
(Millions)



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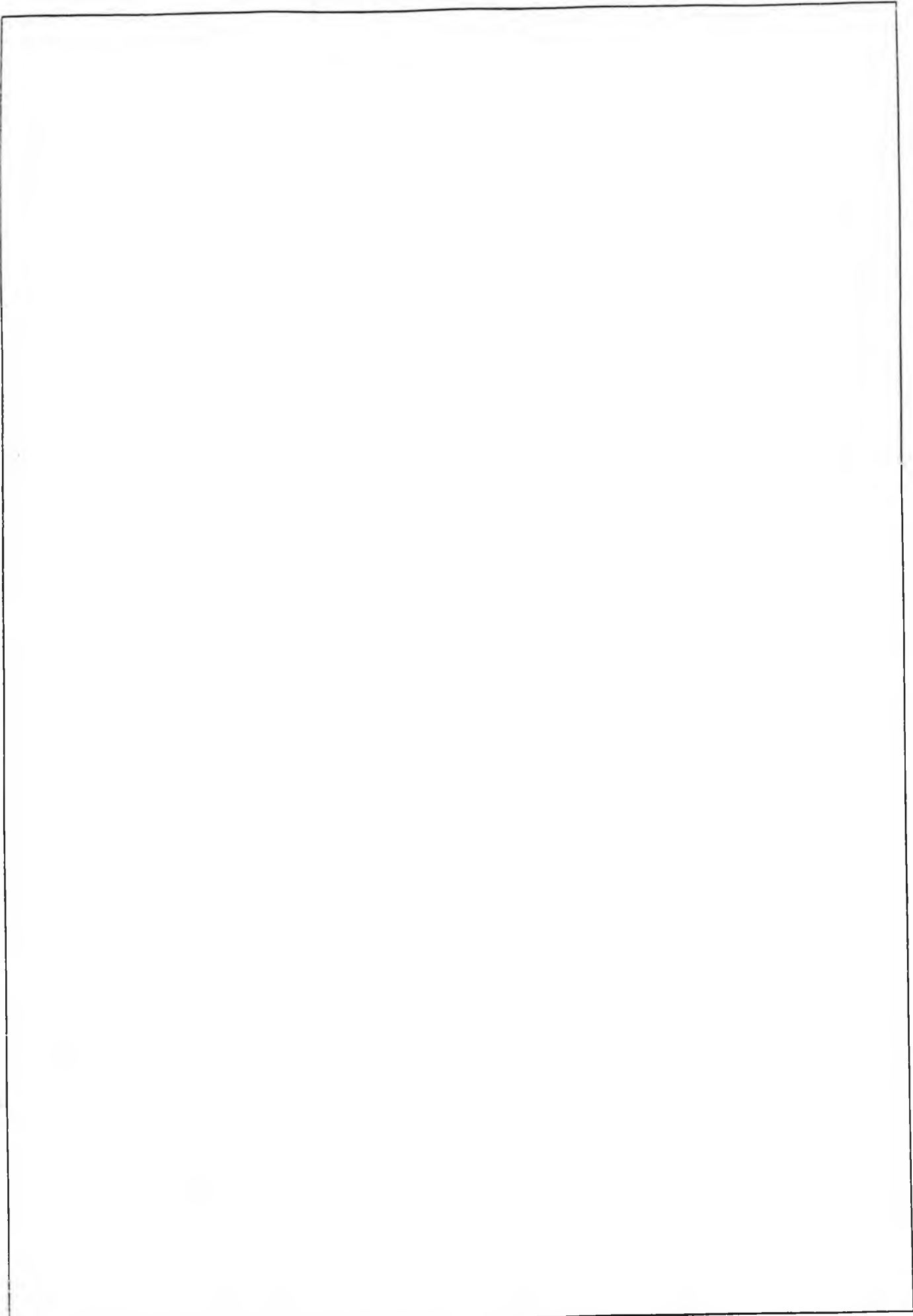
## FY 86-96 Core Operations GF Comparison (1996 Dollars)

Core Operations	FY 86 GF Actual	FY 96 GF Auth
Office of the Commissioner	1,030.5	378.5
Administrative Services	2,668.6	1,007.5
Personnel	3,800.3	2,155.5
Labor Relations	1,313.2	1,178.3
Finance	7,665.3	6,384.0
Purchasing	2,055.1	1,664.5
Property Management	451.5	626.2
Central Duplicating & Mail	711.6	398.3
<b>Total Core Operations</b> (FY 86 Nominal \$14,636.7)	<b>19,696.1</b>	<b>13,792.8</b>



**DEPARTMENT OF ADMINISTRATION**  
**FY 96-97 Operating Budget Summary**  
 (For additional budget summaries, see Appendices 1 and 2, pages 52 and 53)

<u>Component</u>	<u>FY 96 Authorized</u>		<u>FY 97 Governor</u>		<u>Variance</u>	
	<u>GF</u>	<u>Total</u>	<u>GF</u>	<u>Total</u>	<u>GF</u>	<u>Total</u>
Longevity Bonus Grants	72,152.6	72,152.6	72,152.6	72,152.6	0.0	0.0
Pioneers' Homes	29,842.3	29,842.3	31,038.7	31,038.7	1,196.4	1,196.4
Protection, Community Services, and Administration	2,041.0	3,569.9	2,108.0	3,691.8	67.0	121.9
Nutrition, Transportation & Supplies	1,691.1	5,505.1	1,646.1	5,505.1	(45.0)	0.0
Senior Employment	198.3	1,752.3	198.3	1,752.3	0.0	0.0
Home & Community Based	2,687.2	2,732.2	2,982.2	2,982.2	295.0	250.0
Senior Residential	1,015.0	1,015.0	933.8	933.8	(81.2)	(81.2)
Public Defender	8,253.1	8,253.1	8,641.1	8,641.1	388.0	388.0
Public Advocacy	7,199.6	7,239.6	7,535.3	7,605.6	335.7	366.0
Commissioner's Office	378.5	493.5	383.7	498.8	5.2	5.3
Foster Care Review	138.0	138.0	138.3	138.3	2.3	2.3
Labor Relations	1,178.3	1,178.3	1,080.2	1,080.2	(98.1)	(98.1)
Administrative Services	1,007.5	1,539.5	915.5	1,494.5	(92.0)	(45.0)
Personnel	2,155.5	2,301.2	2,201.7	2,421.7	46.2	120.5
PIC	130.1	719.0	128.0	708.2	(2.1)	(10.8)
Finance	6,384.0	6,384.0	5,919.0	5,940.8	(465.0)	(443.2)
General Services	2,689.0	4,554.7	2,654.4	4,532.1	(34.6)	(22.6)
Retirement and Benefits	0.0	8,133.9	0.0	8,109.5	0.0	(24.4)
EPORS	891.1	891.1	391.1	891.1	0.0	0.0
AOGCC	1,658.7	1,758.7	1,679.0	1,779.0	20.3	20.3
APOC	633.8	633.8	642.0	642.0	8.2	8.2
Risk Management	0.0	18,579.7	0.0	21,966.8	0.0	3,387.1
Information Services	55.0	21,586.5	55.0	20,407.4	0.0	(1,179.1)
ARCS	794.8	953.7	772.8	913.5	(22.0)	(40.2)
Public Communications Services	4,436.5	4,436.5	4,359.3	4,359.3	(77.2)	(77.2)
Leases	23,171.0	28,302.0	24,177.6	30,547.2	1,006.6	2,245.2
<b>Total</b>	<b>170,780.0</b>	<b>234,644.2</b>	<b>173,233.7</b>	<b>240,733.6</b>	<b>2,453.7</b>	<b>6,089.4</b>



## FY 97 Major Issues

### ◆ **Core Services Funding**

The core service operations of the Department of Administration have been substantially reduced in terms of real dollars over the past ten years. A comparison of FY 86 actual expenditures to FY 96 authorized expenditures (adjusted for changes in fund sources and stated in 1995 dollars) indicates that the core service operations have been reduced 30 percent in terms of real purchasing power over the ten year period: FY 86-\$19,696.1; FY 96-\$13,792.8. These reductions have been accomplished with little diminishment in the services offered state agencies, because of improvements in technological program support. Future reductions in any of the core service programs will result in a significant loss of government operations support for all state agencies, and will jeopardize the continued oversight necessary for fiscal program compliance. (See Core Operations GF Comparison, page 7.)

### ◆ **Procurement Streamlining Initiative**

The department has begun an initiative to change state procurement culture, working with all stakeholders to develop best solutions and practices for efficient and economical acquisition of the supplies, services, and equipment that support state program operations. (See Appendix 3, page 58.)

### ◆ **Examination of Public Employee Benefit Plans**

The administration is reviewing the benefits provided by public employers to attract and retain qualified individuals for public service at the most reasonable cost to the employer. The administration is working with collective bargaining groups to discuss the current structure of retirement and health benefits, keeping the above-stated purpose in mind.

### ◆ **Pioneers' Homes Rates**

After the 1995 annual fall visit to the homes, the Pioneers' Homes Advisory Board recommended that the program begin the process of charging for the full cost of resident care. The recommendation calls for rates equal to full-cost of care by FY 2003. The first phase of the rate increase will be implemented in FY 97 and is expected to result in approximately \$2.8 million in revenue. GF and GF/Program Receipts have been realigned in the Pioneers' Homes FY 97 budget as a result of the proposed rate increase.

### ◆ **A New Model for Public Telecommunications**

Out of the mix of severe budget reductions, dramatic technological developments, strong constituent support, and new partnerships, a new model for public communications has emerged. The new approach reduces costs while significantly improving service to all Alaskan communities. (See Appendix 4, page 60.)

### ◆ **Longevity Bonus Income Cap**

During the 1996 legislative session, the Governor will introduce legislation to place an "income maximum" for recipients in the Longevity Bonus program. In addition, the legislation will provide for a 180-day maximum period of absence from the state in any 12-month period. Exceeding the 180-day maximum will result in permanent disqualification from the program. These changes would produce significant cost savings.

### ◆ **Reengineering of Personnel Systems**

Many changes have occurred in the 36 years since the original personnel systems were put in place. These include modifications and additions to federal regulations (for example, FLSA, ADA, FMLA); collective bargaining for Alaska's public employees; the rise and now falling state revenue stream; centralization and decentralization of traditional merit system functions; and technological changes in the office environment. Current systems are labor-intensive and not responsive to the needs of today's managers. Preliminary research is being conducted during FY 96 on how other states, municipalities, and the private sector have streamlined and improved human resources services and whether these new systems might be appropriate for Alaska. The reengineering of personnel systems will concentrate on practices that will deliver results to agencies and the public in a more efficient and cost-effective manner. The focus will include redesigning the way we classify jobs, test applicants, recruit and hire for state positions, and how we train employees. It will take approximately 18 months to design and fully implement changes. (See Personnel Update, page 21.)

### ◆ **Improving Cost Effectiveness and Efficiency of Labor Contract Administration**

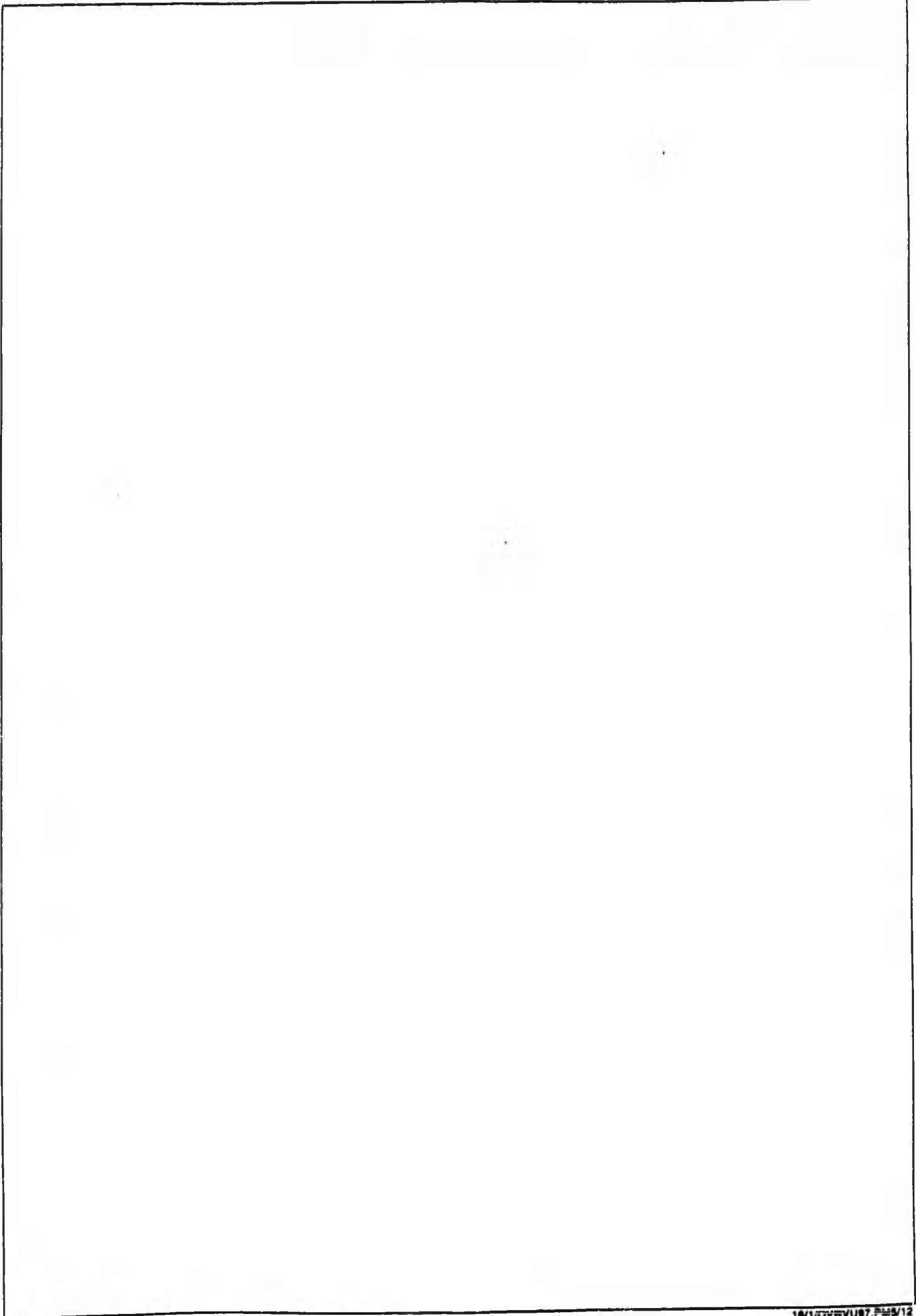
The Office of Labor Relations has initiated an effort to reduce costs and improve the effectiveness of the state's labor contract administration processes. Based on FY 96 discussions with client agencies, efforts will be focused on two areas: 1) improving the information exchange between Labor Relations and the agencies, and improving labor relations training opportunities for human resource, managerial, and supervisory staff; and 2) implementing streamlined grievance and dispute resolution procedures, and increasing use of alternate dispute resolution procedures. (For labor contract updates, see Appendix 5, page 61.)

### ◆ **Review of Eligibility Criteria for OPA and PD Court Referrals**

The directors of the Office of Public Advocacy and the Public Defender Agency are participating with the court system in an indigency standards review project that may make the court referral process more fair and uniform. It is the intent of the group to: 1) review/revise the definition of "indigency" as it applies to requests for public counsel services; 2) review the fee schedule which is used to recoup some cost of state-appointed lawyers; and 3) explore development of eligibility criteria to standardize appointments across the state. The work of this group is expected to be completed by April of this year. Project participants may propose legislative changes to statutory definitions regarding eligibility for public counsel services. Further, the group will develop proposed rule changes for consideration by the Alaska Supreme Court.

### ◆ **Long-term Care Strategy**

The Division of Senior Services is currently working with an interdepartmental team to review Alaska's long-term care system and make recommendations for the future. The group has hired a consultant to work with them on this process. The effect of funding changes at both the state and federal level will have a major impact on the study.



**DIVISION  
OVERVIEWS**

# DIVISION OVERVIEWS



# Department of Administration

Office of the Commissioner

Mark Boyer, Commissioner

## Mission

To provide management oversight and policy direction to departmental programs, and to interface with the judicial, legislative, and executive branches of government to assure the effective, efficient, and economical delivery of public services to Alaskans.

## Primary Services

Provide policy direction and leadership for departmental programs

Provide inter/intra-agency coordination as necessary

## Customers

The public

The Governor

The legislature

State agencies

Departmental programs

## FY 97 Initiatives

Secure legislative approval and funding of all negotiated labor agreements

Streamline the administrative functions of government

Create customer service environments where services are being provided to other governmental organizations

Complete the reengineering of computer and telecommunications services

Complete all outstanding labor negotiations and refocus labor relations to training, grievance resolution, and contract administration

## Funding Summary

### Commissioner's Office Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	378.5	383.7
I/A Receipts	115.0	115.1
Total Funds	493.5	498.8
PFT Positions	6.0	5.0

## FY 97 Update

### Structural Changes

Two organizational changes were made in the Commissioner's Office in FY 96. The Labor Relations unit was transferred into the Commissioner's Office from the Division of Personnel and appears as a component in the Commissioner's Office BRU. The Citizens' Foster Care Review program was transferred to the Division of Senior Services and will be moved to the Senior Services BRU in the Governor's Amended Budget.



# Department of Administration

Office of Labor Relations

Dianne Corso, Manager



## Mission

To achieve the purposes of the Public Employment Relations Act by acting as the executive branch representative in contract negotiations and contract administration matters.



## Primary Services

Represent the Administration in contract negotiations

Respond to grievances and complaints on behalf of the Commissioner of the Department of Administration

Represent the State of Alaska in arbitration, mediation, and other dispute resolution procedures

Represent the State of Alaska at Alaska Labor Relations Agency hearings regarding unfair labor practices, unit clarification, and other matters

Provide training and consultative services to managerial and supervisory personnel on contract negotiation and administration

Establish and administer labor management committees



## Customers

Executive branch departments and administrators

Human resources personnel

Supervisors and managers



## FY 97 Initiatives

Complete outstanding negotiations within parameters established

Implement approved collective bargaining agreements

Establish effective Labor Management Committee procedures

Increase efficiency of the dispute resolution and grievance-arbitration processes

Develop new and revised materials for supervisory training

# Funding Summary

## Labor Relations Component

	<b>FY 96 Authorized</b>	<b>FY 97 Governor's Request</b>
	<i>(As part of the Personnel Component)</i>	
General Fund	1,178.3	1,080.2
Total Funds	1,178.3	1,080.2
PFT Positions	15.0	14.0

# FY 97 Update

### **Structural Change**

The Labor Relations Office was removed from the Division of Personnel/OEEO and placed in the Office of the Commissioner on July 1, 1995.

### **Budget Reduction**

This component is reduced by \$98.1 and one position.

### **Labor Contract Administration**

See Major Issues, page 10.

### **Labor Contracts Status**

See Appendix 5, page 61.



# Department of Administration

## Division of Administrative Services

Sharon Barton, Director

### Mission

To facilitate delivery of all DOA programs by providing efficient and cost-effective business management support, to effectively administer state municipal grants programs, and to provide fair and impartial adjudication of appeals and claims against the state as provided by law.

### Primary Services

- Provide administrative training to DOA support team
- Develop and implement the department budget
- Provide personnel and payroll management support
- Oversee departmental procurement
- Distribute and administer Municipal and Matching Grants
- Analyze and make recommendations on administrative appeals
- Provide departmentwide publications services

### Customers

- Department of Administration program managers and employees
- Private sector vendors
- Office of Management and Budget
- Legislature
- Incorporated municipalities and organized boroughs (Municipal and Capital Matching Grants)

### FY 97 Initiatives

- Implement a comprehensive training program for all DOA administrative staff
- Improve management reporting for all DOA revenue generating programs
- Develop improved checks and balances in the department's procurement procedures
- Upgrade the computer skills of all division staff

## Funding Summary

### Administrative Services Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	1007.5	915.5
I/A Receipts	532.0	579.0
Total Funds	1,539.5	1,494.5
PFT Positions	25.0	24.0

## FY 97 Update

### Budget Reduction

The FY 97 budget includes a decrement of \$100.0 GF and two full-time positions. Staff efficiencies in the grants unit make possible the reduction of one position, and the second is eliminated from the Publications Center by transferring certain kinds of word processing work back to the divisions.

The FY 97 budget also includes an interagency receipt increase of \$47.0 and one PFT position for department cc:Mail and LAN support.



# Department of Administration

**Division of Personnel**

**Beverly Reaume, Director**

## **Mission**

Administer a human resources system to develop and implement policies that will result in a qualified, productive, and diversified work force to fulfill the state's responsibilities to the people of Alaska.

## **Primary Services**

Develop policies to ensure compliance with all relevant statutory and regulatory requirements

Protect and promote diversification of the state work forces

Fairly, efficiently, and cost-effectively provide a pool of qualified applicants to the executive branch departments

Develop policies to increase employee productivity and foster employee growth

## **Customers**

Executive branch departments

Employees

Applicants for state positions (all working-age residents are potential applicants)

## **FY 97 Initiatives**

Reengineer the hiring system to increase efficiency and responsiveness to departments' needs

Reengineer the classification and pay system to increase efficiency and responsiveness to departments' needs

Implement the imaging of state applications

# Funding Summary

## Personnel Components

(Personnel and Productivity Improvement Center)

	FY 96 Authorized (Less Labor Relations)	FY 97 Governor's Request
General Fund	2,155.5	2,201.7
I/A Receipts	734.6	800.2
GF Designated Prog. Rcpts.	0.0	128.0
GF Program Receipts	130.1	0.0
Total Funds	3,020.2	3,129.9
PFT Positions	44.0	41.0

## FY 97 Update

### Program Changes

During FY 96, the Division of Personnel significantly changed its method of operation through a series of individual agreements with executive branch agencies. The goal was to improve the overall service to state agencies. First, nine agencies took all or partial delegation of individual classification actions. For its part, Personnel agreed to undertake a complete overhaul of the class specifications, training, and rating devices. Many class specifications and rating devices have not been reviewed in 10 to 20 years. Personnel has scheduled the study of 60 class series, including all Labor, Trades and Crafts classes over the next two years. Each class series covers anywhere from 12 to 450 positions.

Second, six agencies took all or partial delegation of application examining. This delegation allowed Personnel to schedule, beginning in July 1995, the opening of most job classes at least once a year. Most classes were closed to open recruitment since June 1992. This new system proved very popular with the public and initially resulted in large examining backlogs. As scheduled recruitments began to meet agency needs, the turnaround time of examining applications has improved.

In late FY 96, Personnel will begin two long-awaited projects: First, a demonstration project that will lead to full implementation of imaging state applications during FY 97 (pending FY 97 CIP funding), and second, laying of the groundwork to reengineer the hiring process. This project will include defining how and when applications are submitted to the state; how, when, and where the applications are scored; and how lists are maintained and distributed to agencies. These two projects will work hand-in-hand to create a more efficient and less cumbersome process for applicants and hiring managers.

### Structural Changes

In 1996, the Labor Relations unit was transferred to the Commissioner's Office from the Division of Personnel. The FY 97 budget reflects this change.



# Department of Administration

Division of Finance

Don Wanie, Director

## Mission

To uphold the public's trust in the safety, soundness, integrity, and stability of the state's financial systems through effective and efficient policies and through compliance with statutory/regulatory fiscal procedures and generally-accepted accounting principles.

## Primary Services

- Centralized statewide accounting
- Centralized statewide payroll; all branches of government
- Financial systems security
- Financial policy and procedures development
- Travel policy and procedures development
- Accounting and payroll training

## Customers

- State agencies; all three branches of government
- Employees and former employees
- Retirees
- Vendors

## FY 97 Initiatives

- Complete the update and distribution of the AKPAY section of the Administrative (policy) Manual and AKPAY User (procedure) Manual and update the state-wide training program
- Implement statewide purchasing card program for small purchases
- Expand the state's use of electronic commerce including payment transactions
- Install new releases for payroll and financial reporting software packages
- Release FY 96 Comprehensive Annual Financial Report concurrent with Legislative Auditor's Opinion and apply for Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting

# Funding Summary

## Finance Component

	FY 96 Authorized	FY 97 Governor's Request
Interagency Funds	0.0	21.8
General Fund	6,384.0	5,919.0
Total Funds	6,384.0	5,940.8
PFT Positions	45.0	45.0

# FY 97 Update

## State of Alaska Payroll, Accounting, and Financial Reporting at a Glance

### Payroll (AKPAY)

Authorized users	840
Current employee payroll	15,200
seasonal variation	14,000 to 26,000 employees
W-2s forms issued annually	19,478
Payrolls processed	
Semimonthly	24
Biweekly AMHS	26
Paychecks issued annually	438,150
Electronic deposit participants	7,699
Total FY 95 payroll (including benefits)	866,411,424

### Accounting (AKSAS)

Authorized AKSAS users	3,154
Number of vendors	55,475
Number of vendor payments	465,058
1099s issued	5,465
Other warrants processed (PFD, Longevity Bonus, etc.)	1,193,311

## Comprehensive Annual Financial Report

Each year, the Division of Finance prepares and publishes the state's Comprehensive Annual Financial Report (CAFR). The CAFR includes financial information on all funds of the state as well as the various state corporations such as Alaska Housing Finance Corporation, Alaska Industrial Development Authority, etc. Additional statistical information, which includes selected financial and demographic data, is also presented in the CAFR. The report, including the Legislative Auditor's opinion, is published and distributed by mid-December each year. Approximately 600 reports are distributed annually. Distribution normally includes the Governor and the cabinet, the legislature, financial institutions, brokerage firms, municipalities, public libraries, and some private individuals. Consideration is being given to include all or selected parts of the CAFR on the Internet.



# Department of Administration

Division of General Services

Dugan Petty, Director

## Mission

To provide procurement, property management, duplicating, office leasing, and mail handling services that help state agencies accomplish their public mission.

## Primary Services

Provide procurement leadership through training, consultation, and guidance to customer agencies

Provide policies and procedures that foster a competitive acquisition process and guide efficient property management

Acquire supplies, services, and leased office space that meet statewide procurement needs

Acquire individual agency needs when centralized purchasing can add value to the process

Manage and dispose of state property

Facilitate statewide reutilization of surplus federal property

Provide duplicating and quick copy services to state agencies in Anchorage and Juneau

Provide central mail processing and distribution in Juneau

Provide AKSAS, payroll, and permanent fund warrant processing

## Customers

State agencies

Alaska vendors

Political subdivisions

Commercial property owners

Nonprofit organizations qualified to receive surplus federal property

Minority businesses qualified to receive surplus federal property

Food banks

Citizens of the state

## FY 97 Initiatives

Streamline and reengineer procurement practices in conjunction with the Procurement Advisory Council

- Support "One Stop Career Center" consolidation
- Reduce office lease expenses through consolidation, building purchases, and efficient use of space
- Replace expiring leases with best-value RFP procurement when appropriate, in cooperation with customer agencies
- Empower agency procurement staff through effective training and direct policy guidance, consultation, and oversight
- Add value, efficiency, and cost-savings to the procurement process
- Manage large allocations of excess property resulting from military downsizing by providing an increased level of service to customer agencies and efficiently administering operational compliance

## Funding Summary

### General Services Components

(Purchasing, Central Duplicating and Mail, Property Management)

	FY 96 Authorized	FY 97 Governor's Request
GF Program Receipt	582.8	584.1
General Fund	2,106.2	2,070.3
I/A Receipts	1,590.9	1,564.0
Surplus Property	274.8	313.7
Total Funds	4,554.7	4,532.1
PFT Positions	54.0	53.0

### Leasing Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	23,171.0	24,177.6
I/A Receipts	5,131.0	6,369.6
Total Funds	28,302.0	30,547.2

## FY 97 Update

### Program Changes

See Major Issues, page 10, and Appendix 3, page 58.

### Budget Reduction

The Purchasing Component is reduced by \$58.6 GF and one PFT position. The deleted position is a Purchasing Agent III. As a result of the funding reduction and position deletion, authority for most single-agency purchasing will be delegated to the agencies.

The total PFT position count remains at 23 as a position was transferred via revised program from Central Duplicating and Mail in late FY 95.



# Department of Administration

## Division of Retirement and Benefits

Robert Stalnaker, Director

### Mission

To develop, manage, and administer programs to attract and retain qualified state employees and to extend those services to certain political subdivisions in an effective, efficient, and secure manner.

### Primary Services

Administer the comprehensive public employee benefit components of the state's personnel system and member political subdivisions

Provide record keeping services for member accounts

Counsel members to better understand and use the retirement and benefit plans

Make timely and accurate payment of benefits to eligible individuals

### Customers

Two hundred and twelve employer members in the Public Employees', Teachers', Judicial, Elected Public Officers, and National Guard and Naval Militia Retirement Systems

Persons employed by the 212-member employers in the Public Employees', Teachers', Judicial, Elected Public Officers, and National Guard and Naval Militia Retirement Systems and their beneficiaries

Employees of the State of Alaska and 36 political subdivisions participating in the Group Health and Life Insurance Plan

Employees of the State of Alaska and 13 political subdivisions participating in the Supplemental Annuity Plan and Supplemental Benefits System

### FY 97 Initiatives

Develop flexibility in the state benefits plans; develop an environment for more employee participation and involvement in the benefits they receive

Implement the new retirement information processing systems

Expand the content of communication materials to both employers and employees about issues related to planning for retirement

# Funding Summary

## Retirement and Benefits Component

	FY 96 Authorized	FY 97 Governor's Request
FICA Administrative Fund	90.8	91.7
Benefits System Receipts	3,959.9	3,886.7
Public Employees' Retirement	2,225.7	2,250.2
Teachers' Retirement	1,785.2	1,807.7
Judicial Retirement	39.2	39.7
National Guard Retirement	33.1	33.5
Total Funds	8,133.9	8,109.5
PFT Positions	71.0	72.0

## Elected Public Officials Retirement System Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	891.1	891.1
Total Funds	891.1	891.1

# FY 97 Update

## Position Increase

One Accounting Technician position funded via Revised Program in FY 96, is added in this component for Dependent Care (SBS) record keeping.

## Participant-Directed SBS

The method of investing participant funds in the Supplemental Annuity Plan changed from sponsor-directed investing to participant-directed investing as of February 1, 1996. This major change to the plan now permits participants to direct the investment of their own account. The transition effort will continue into FY 97 as participants, division staff, and the contracted record keeper learn the plan.

## Combined Retirement Computer System

After many years of planning, the division is implementing a new computer database for participants of all state-sponsored retirement plans, the Combined Retirement System. Fiscal year 1997 will be the first full year of operation.

## Budget Outlook

The number of participants in the division's defined benefit and defined contribution plans, and the size of the fund assets under division management, constantly increases. Some expenses of the division are tied to plan asset levels. While no increases are requested in FY 97, increased budget authority will be required in the



# Department of Administration

## Division of Risk Management

Brad Thompson, Director

### Mission

To effectively mitigate the state's risk of financial loss by educating, insuring, and defending state department operations, assets, and employees from accidental loss and injury.

### Primary Services

**Claims Administration**—property, workers' compensation, general liability, professional errors and omissions, aviation, and marine

**Safety**—develop reports showing injury trends and patterns to assist departments in workplace safety and loss control programs

**Insurance Advisors**—assist state departments in contract agreements, insurance, and indemnification clauses

**Premium Allocation**—risk management protection is charged to state departments based on prior claims experience and future loss exposure

### Customers

**State Departments**—operations protected from fiscal impact in the event of physical damage to buildings or equipment

**State Employees**—injured during state employment; medical expenses and disability benefits are paid

**Alaskans**—who contract with state departments or who claim the state is liable for their damages or injuries

### FY 97 Initiatives

**Realign financing of state self-insured risk to correct prior practice of funding routine claims from the Catastrophe Reserve Account**

**Continue to upgrade billing system to generate premium breakouts by divisional unit, specific institution, or facility to demonstrate true cost of risk incurred to assist agencies in accounting for indirect expenses**

**Refine quarterly claims reports to each agency providing additional detail of claim trends (cause, severity, injury body part, etc.) with comparisons to historical loss and other relative benchmarks.**

# Funding Summary

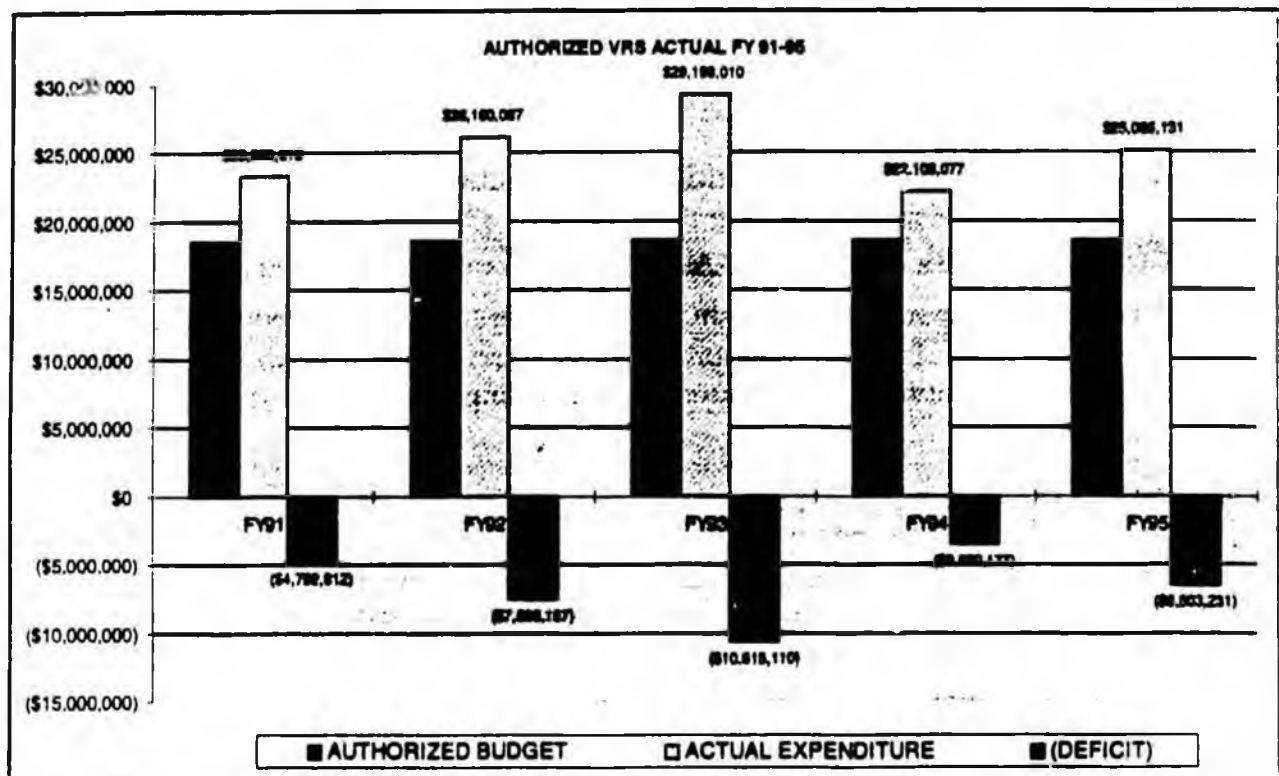
## Risk Management Component

	FY 96 Authorized	FY 97 Governor's Request
I/A Receipts	18,579.7	21,966.8
Total Funds	18,579.7	21,966.8
PFT Positions	7.0	7.0

## FY 97 Update

### Funding Increase

Funding is increased in this component by \$3,387.1 to eliminate the practice of funding routine claims from the Catastrophe Reserve Account. All agency budgets are adjusted accordingly.



From FY 91 through FY 95, over \$33 million has been withdrawn from the catastrophe reserve fund to pay claim settlements. Authorized under AS 37.05.289, this fund is limited to a maximum of \$5 million and is replenished first by any lapsing Risk Management funds, then by other lapsing appropriations. When created, this fund was intended for use to pay only the rare large loss. More recently, the use of this account has been required in order to pay the more frequent smaller claims when Risk Management appropriation was depleted.



# Department of Administration

## Division of Information Services

Mark Badger, Director

### Mission

To provide the state with the planning, operation, and management of communication technologies which will promote the interchange of information between state government and the citizens of Alaska and to work with state agencies to provide reliable and cost-effective oversight of this valuable state resource.

### Primary Services

Information Services—telecommunications and computing

### Customers

Primarily other state agencies, including the executive, legislative, and judicial branches of state government

Rural communities through the Alaska Rural Communication Service (ARCS)

Indirectly, other governmental entities; local governments, the federal government, local schools, libraries, nonprofit entities, and individual citizens who rely on communication infrastructure or information provided through computing facilities

### FY 97 Initiatives

Advance statewide telecommunication policy initiatives

Full implementation of network study report recommendations to provide a single consolidated network

Integrate public telecommunication infrastructure by employing digital compression technology

Restructure services to ensure the state's information resources serve the best interest of the public, based upon determinations made through aggressive self-evaluation

Continued emphasis on client-server technology

Support efforts to enhance public access to electronic information

Provide reliable, dependable, cost-effective operation and management of the centralized telecommunication/computing systems necessary to ensure all citizens are provided essential state services

Ensure state is positioned to take advantage of continuing revolution in information technology and remains cognizant of dynamic trends and cutting edge technologies

# Funding Summary

## Information Services Component

	FY 96 Authorized	FY 97 Governor's Request
Information Services Funds	21,586.5	20,407.4
Total Funds	21,586.5	20,407.4
PFT Positions	145.0	141.0

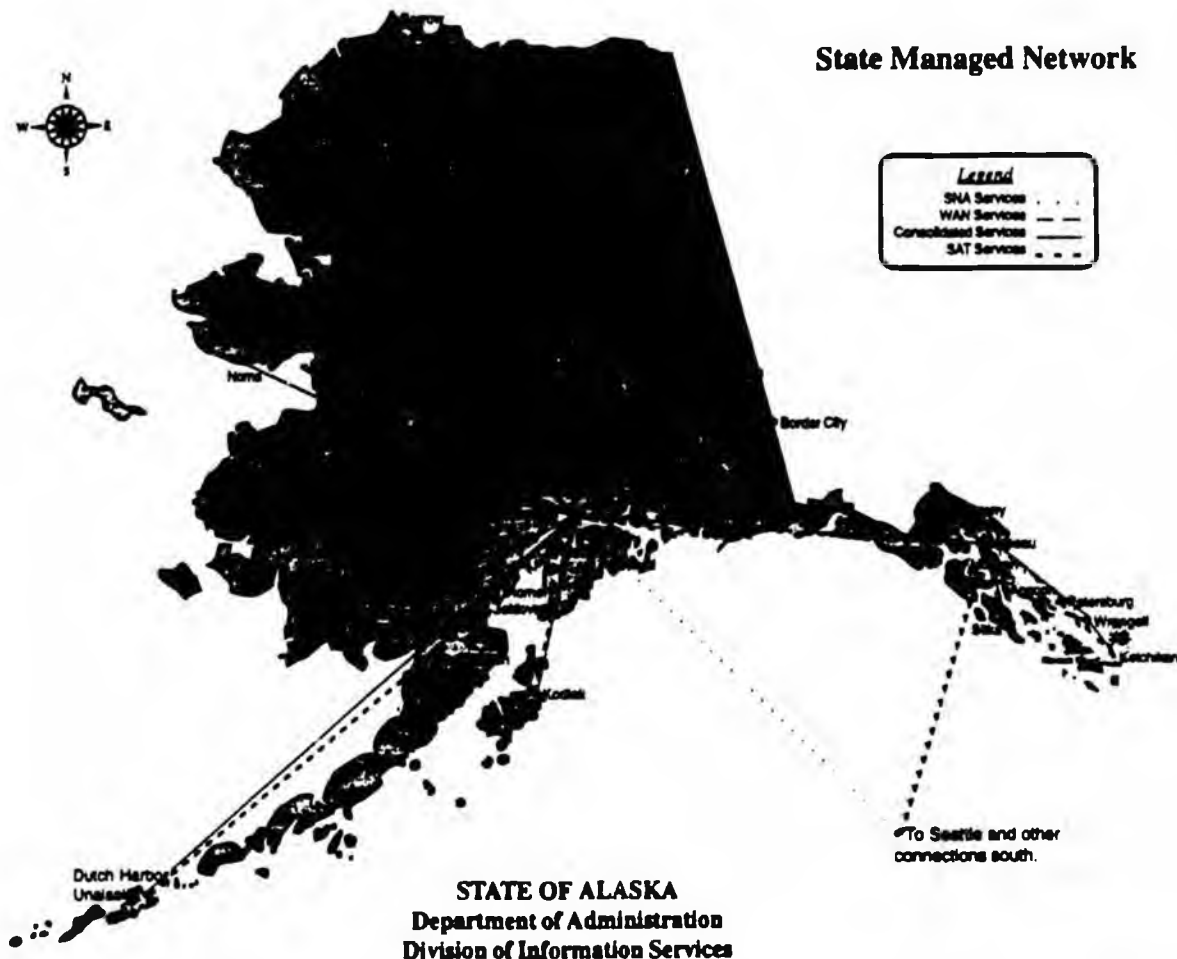
# FY 97 Update

## Structural Changes

In the FY 97 budget, the Telecommunications and Computer Services Components have been combined into a new Information Services Component reflecting functional and organizational changes of the past few years.

## Budget Reduction

The component is reduced by \$1,179.1 and four permanent full-time positions as a result of rate reductions and service realignment. See Appendix 6, page 68.





# Department of Administration

## Public Communications Services

Robert Jenkins, Executive Director, APBC



### Mission

Public Communications Services integrates the reengineered Public Broadcasting Services and the Alaska Rural Communications Services (ARCS), which succeeded the Rural Alaska Television Network (RATNet), to provide for the most efficient and effective use of new digital satellite signaling technology. Public Communications Services will deliver and ensure maximum coordination of state-supported broadcast telecommunications services.



### Primary Services

Create links between the Alaska Public Broadcasting Commission (APBC), the Alaska Rural Communications Services (ARCS), state agencies, schools, local communities, citizens, and public broadcasting services

Allocate appropriated funds to public radio and television facilities ensuring public broadcasting services are delivered to all Alaskans in the most efficient and cost-effective manner

Provide a telecommunications service for rural Alaska, delivering public, educational, and other television programming to remote areas of the state



### Customers

People of Alaska

Alaska's educators

Alaska's children

Corporation for public broadcasting and other national public broadcasting agencies and organizations

Communities and municipalities

The Governor and his administration

The Legislature

## FY 97 Initiatives

Vigorously pursue funding mechanisms which will reduce the reliance on state general funds

Allocate funds in a manner that assure the survival of public radio and television stations which provide the sole broadcast service to one or more communities

Reduce state funding requirements to the lowest possible point by capitalizing on digital technology

Continue providing broadcast telecommunication services to rural areas which are not served by commercial facilities

Continue reengineering efforts which result in coordinated regional, statewide, and public/private partnerships for the delivery of telecommunications services

## Funding Summary

See Appendix 1, page 52, for five-year funding comparison.

### Public Communications Administration Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	111.5	59.9
Total Funds	111.5	59.9
PFT Positions	2.0	1.0

### Public Broadcasting Radio Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	2,950.0	2,950.0
Total Funds	2,950.0	2,950.0

### Public Broadcasting TV Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	1,375.0	1,349.4
Total Funds	1,375.0	1,349.4

## Alaska Rural Communication Service Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	779.8	757.8
GF Program Receipts	15.0	15.0
Gifts/Grants	158.9	140.7
Total Funds	953.7	913.5

### FY 97 Update

Public Communications Services integrates the Alaska Rural Communications Service (ARCS) and Public Broadcasting to ensure the most efficient and effective use of Alaska's satellite-based infrastructure. This new structure reflects the technical interdependence of these digital, satellite-based systems created by the use of new cost-saving technologies and the need for a single umbrella organization to coordinate them.

The Alaska Rural Communications Service replaces the Rural Alaska Television Network (RATNet) and embodies a new approach to providing services to rural Alaskans. Programming for distribution on ARCS originates from public television station KYUK, located in Bethel. They assemble a unique blend of programming for distribution on ARCS, with a major focus on Alaskan programming. ARCS also carries educational, PBS, syndicated, and commercial programming. With the delivery of telecourses on ARCS, it is possible to obtain college credit, and even complete an Associate of Arts degree.

The reengineering of public broadcasting ensures that broadcast services to rural Alaskans will continue, and even improve, with services including:

- ◆ *Regional radio networks* - regionally interconnected radio stations will share programming allowing individual stations to use their resources to address community needs
- ◆ *Alaska One* - provides a common public television program stream to Bethel, Fairbanks, and Juneau. With full implementation digital satellite signaling, Alaska One will be available to many other communities willing to invest in reasonably-priced receiving and retransmission equipment.
- ◆ *Alaska Two* - provides C-span-type television coverage of the Alaska Legislature through collaborative efforts of public broadcasters and Alaska's cable industry.
- ◆ *Alaska Three* - while this service is not yet fully defined, Alaska Three provides the infrastructure for a full-time educational television service.

- ◆ *Alaska Four* - delivers public, educational, and other television programming to remote areas of the state. *Alaska Four* is the programming service delivered on ARCS.

With this restructuring, the Public Communications Service is a model of how increased efficiency is possible with the implementation of new technology and the careful coordination of its use. (See Appendix 4, page 60.)



# Department of Administration

## Division of Senior Services

Connie Sipe, Director

### Mission

To ensure the dignity, security, and independence of Alaska seniors by providing direct financial payments, coordinating a full continuum of services ranging from home and community-based care to assisted living to institutional care, and protecting vulnerable adults who may be subject to abuse or who are consumers of assisted living and nursing home services.

### Primary Services

Development of an aging services network for present and future generations of seniors

Long-term institutional care for Alaska seniors

Home and community-care service plans as alternatives to institutional care

Cash bonus program for Alaska seniors

Grants administration, monitoring, and services development

Protective services for vulnerable adults

Licensing of assisted living homes for seniors

### Customers

Alaska seniors and their families

Representatives of Alaska seniors, including the legislature and Governor

Communities in which senior services are provided

Senior organizations

Senior service provider agencies

### FY 97 Initiatives

Seek approval of Mental Health Trust Funding for remodeling and construction of the proposed special dementia care unit in the Fairbanks Pioneers' Home; finish the day therapy room addition to the Palmer special unit

Maintain 80 percent training level of all Homes' staff in both the Mandt aggression control and the Alzheimer's "successful living" training curricula

- Continue licensing newly-built assisted living homes in the private sector under the Assisted Living regulations; continue training for facility operators on the regulations and on maintaining quality of care in Assisted Living homes
- Take the CHOICE Medicaid home care project to full capacity, serving 400 seniors statewide with community care alternatives to nursing home placement; apply for federal renewal of three-year waiver which ends mid-FY 96
- Continue cross-training of division staff from the protective services unit with the Pioneers' Home staff and local community providers on topics of mutual concern
- Increase availability of care coordination/case management and brokered services in the Kenai Peninsula, the Mat-Su Valley, Southeast, and Anchorage areas

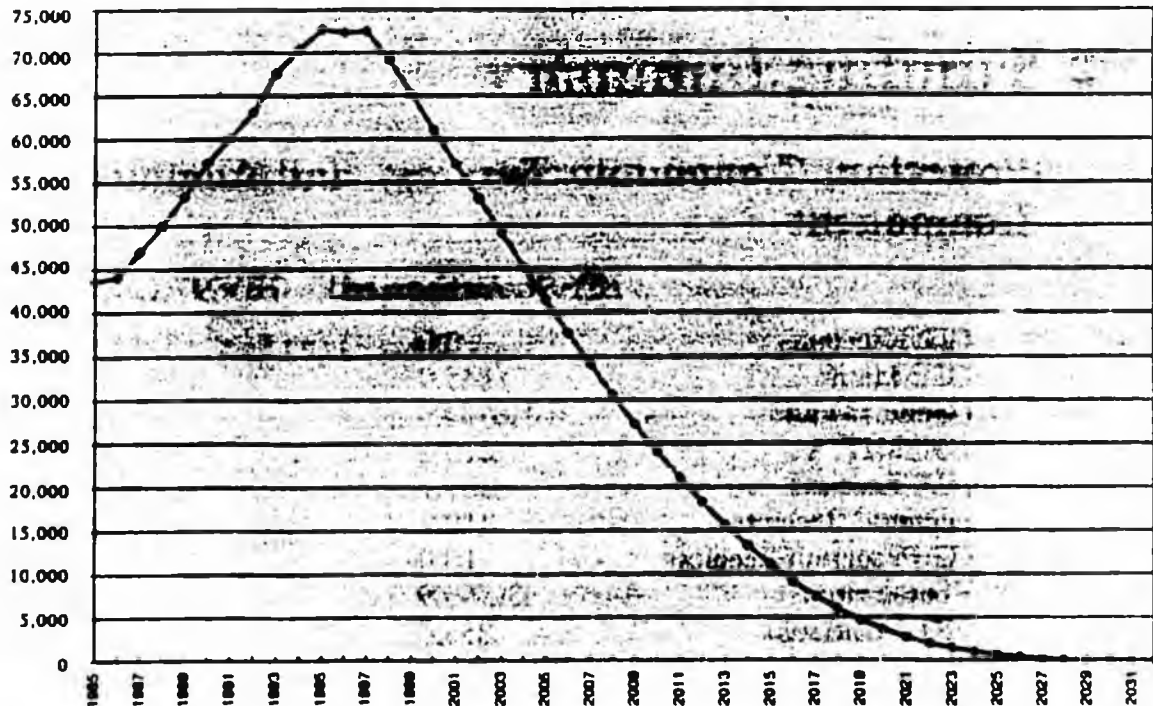
## ≡ Funding Summary

### Longevity Bonus Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	72,152.6	72,152.6
Total Funds	72,152.6	72,152.6

## ≡ FY 97 Update

Longevity Bonus Program, As Currently Structured, Phase-Out Forecast  
(Amounts from FY 85 - FY 95 are actual expenditures - in thousands)



## Funding Summary

### Pioneers' Homes Component

	FY 96 Authorized	FY 97 Governor's Request
GF Mental Health	414.0	420.8
General Fund	24,304.8	22,669.4
GF Program Receipts	5,123.5	7,948.5
Total Funds	29,842.3	31,038.7
PFT Positions	477.0	477.0
PPT Positions	85.0	82.0
Nonperm Positions	66.0	66.0

## FY 97 Update

### Rate Increase

Institute first phase of Pioneers' Homes rate increases designed to arrive at the full cost of resident care at each level by FY 2003.

Continue emphasis on moving Pioneers' Homes to assisted living care, with special emphasis on care for those with Alzheimer's Disease & Related Disorders (ADRD).

Open second ADRD care units at the Anchorage, Palmer, and Juneau homes.

## Funding Summary

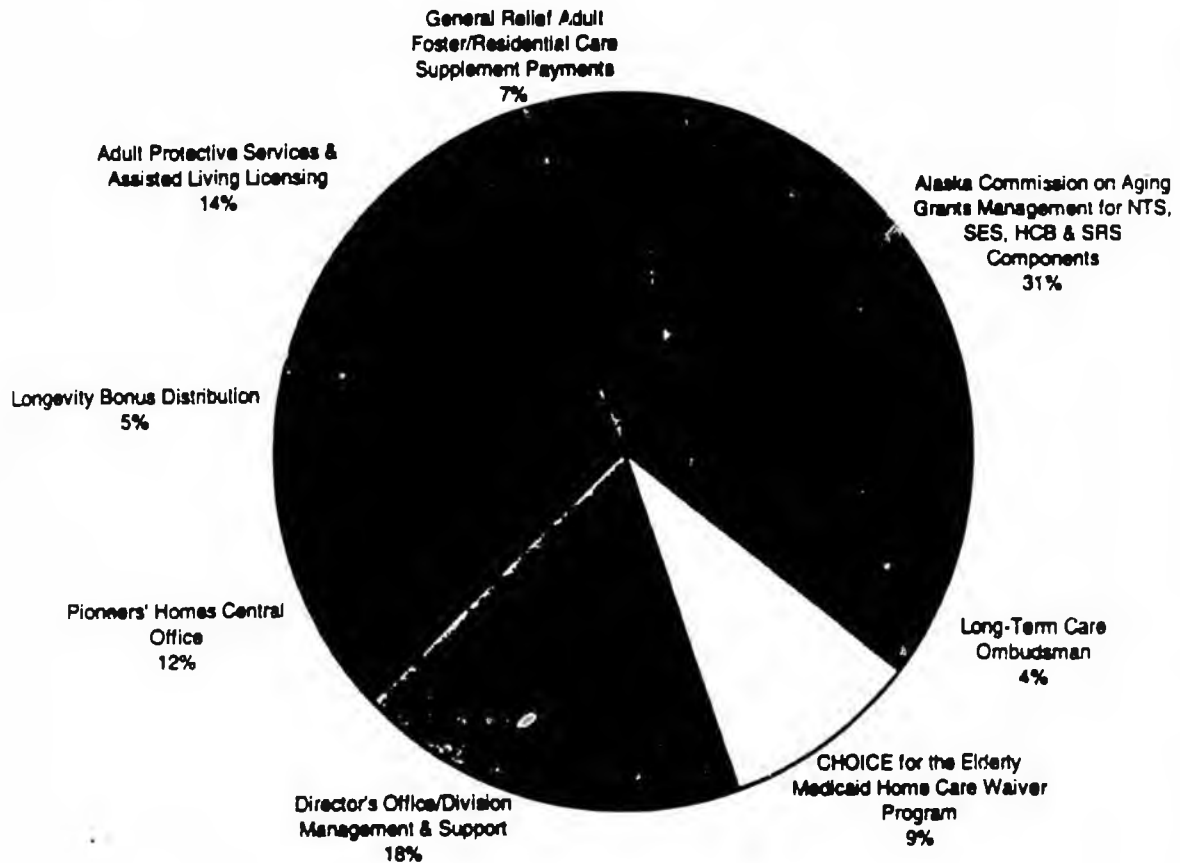
### Protection, Community Services, and Administration Component

	FY 96 Authorized	FY 97 Governor's Request
CIP Receipts	0.0	52.9
GF Match	145.9	146.9
General Fund	1,674.9	1,741.6
GF/MHTIA	210.2	209.5
I/A Receipts	209.7	211.0
Federal Receipts	1,319.2	1,319.9
GF Program Receipts	10.0	10.0
Total Funds	3,569.9	3,691.8
PFT Positions	38.0	42.0

# FY 97 Update

## Protection, Community Services, and Administration

### Funding Allocation



## Funding Summary

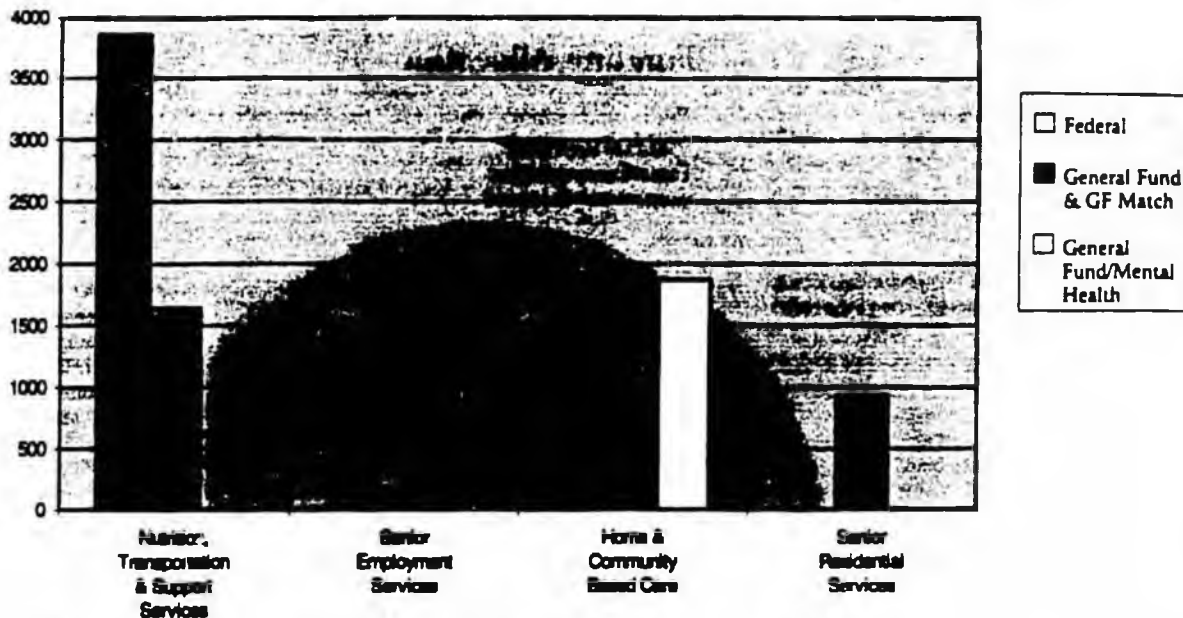
### Senior Services Grants

(Nutrition, Transportation and Support; Senior Employment Services; Home and Community Based Care; Senior Residential Services)

	FY 96 Authorized	FY 97 Governor's Request
GF Match	842.7	842.7
General Fund	3,127.3	3,046.1
GF/MHTIA	1,621.6	1,871.6
Federal Receipts	5,413.0	5,413.0
Total Funds	11,004.6	11,173.4

# FY 97 Update

## Grants Components Funding Sources



The NTS program serves 101 communities statewide, with over 330,000 meals served to seniors in FY95.  
 The Sr. Employment program provides funding for 47 grantees statewide employing approximately 180 low-income seniors.  
 The HCB program provides adult day care, respite care and care coordination services to approximately 3,200 clients.  
 The Sr. Residential program provides funding to Marillac Association and the City of Tanana for long-term residential care for elders.

# Funding Summary

## Citizens' Foster Care Review Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	136.0	138.3
Total Funds	136.0	138.3
PFT Positions	3.0	3.0

# FY 97 Update

## Foster Care Review

The Foster Care Review Program (formerly the Citizen's Review Panel for Permanency Planning) is charged with ensuring that children do not remain in out-of-home placement longer than necessary, and that reunification with the child's family or placement in a secure, permanent home takes place as expeditiously as possible. The program is based on research from other states which shows that reviews external to the child placement agency result in shorter out-of-home placements. The program uses volunteer review panels to examine cases and make recommendations.

During FY 94 and FY 95, 263 cases of individual children were reviewed by volunteer panels for appropriateness of foster care placement.

During FY 96, 200 cases will be reviewed in the Anchorage area.

During FY 97, the program will continue to review cases using volunteers, and will proceed with plans to expand the program statewide as the budget allows. This includes selecting and training panelists in preparation for the operations of review panels in all judicial districts.

An evaluation of the program is also planned for FY 97, measured by the length of time children remain in foster care, and by savings associated with children no longer being part of the foster care system. The current perception among panelists, staff, and children's social workers is that the program is successful in consistently reviewing placements and making social workers more aware and accountable in their placement decisions regarding children, but a more formal evaluation is necessary to more accurately determine program effectiveness.



# Department of Administration

Alaska Public Defender Agency

John Salemi, Director

## Mission

To provide quality legal service, consistent with constitutional guarantees, to indigent persons who are parties in certain kinds of state court litigation.

## Primary Services

Provide legal representation to financially-disadvantaged people who are engaged in certain types of state court litigation

## Customers

Individuals accused of crimes

Parents whose children have been taken into custody of the state

Juveniles who are facing petitions of delinquency

Individuals who have mental illnesses and who are being held against their will in state mental facilities

Individuals who face contempt proceedings for violating court orders

## FY 97 Initiatives

Stabilize funding base to adequately meet the demands of an increasing caseload

Enhance utilization of computer network and caseload management system as a means of realizing staff efficiencies and enhancing administrative capacity

Establish caseload standards for staff attorneys and a method for "referring out" cases when caseloads exceed acceptable levels

# Funding Summary

## Public Defender Agency Component

	FY 96 Authorized	FY 97 Governor's Request
GF Program Receipts	187.6	189.1
General Fund	8,065.5	8,452.0
Total Funds	8,253.1	8,641.1
PFT Positions	103.0	105.0

## FY 97 Update

### Funding and Position Increase

Funding is increased in this component to cover full-year cost for the fiscal note to HB 150, Ch 80 SLA 95; and for a new staff attorney in Bethel. Two permanent part-time positions were changed to permanent full-time via revised programs in FY 96.

### Public Defender Eligibility Review Criteria

See Major Issues, page 10.



# Department of Administration

Office of Public Advocacy

Brant McGee, Director

## Mission

To protect the rights of vulnerable Alaskans by providing excellent, cost-effective legal and guardian representation to abused and neglected children, incapacitated adults, and others.

## Primary Services

Legal and guardian representation to some 10,000 clients throughout the state when appointed by the courts

## Customers

Abused and neglected children involved in legal proceedings

Incapacitated adults who need assistance in protecting their social, financial, and medical interests

Indigent criminal defendants when the Public Defender Agency has a conflict of interest

## FY 97 Initiatives

Expand the volunteer children's advocate program to the Kenai and Palmer areas

Complete implementation of the public guardian cost recoupment program

Maintain and improve cost containment measures through the new case management system

Increase the level of full-time volunteers to five

## Funding Summary

### Office of Public Advocacy Component

	FY 96 Authorized	FY 97 Governor's Request
GF Program Receipts	95.0	96.2
General Fund	6,493.5	6,819.3
GF/MHTIA	611.1	619.8
Federal Receipts	15.0	15.3
I/A Receipts	25.0	55.0
Total Funds	7,239.6	7,605.6
PFT Positions	36.0	35.0

## FY 97 Update

### Anticipated Shortfall

In spite of a General Fund increment of \$300.0 in this component, the Office of Public Advocacy (OPA) anticipates a shortfall in contractual services in FY 97 of \$373.8. This projection is based on both caseload and cost increases. OPA projects a 6 percent increase in overall caseload. This estimate is a straight-line projection and, therefore, very conservative. Other data and factors suggest that the caseload increase could be substantially higher. For example, the Alaska Court System reports that there has been a 15 percent increase in child-in-need-of-aid filings during the first three months of FY 96 as compared with a like period in FY 95. With respect to criminal defense representation, OPA opened over 65 percent more cases in November 1995 than in November 1994. By December 1995, Anchorage will have added a total of 70 new police officers. As a result, arrest rates will skyrocket and OPA, like other criminal justice agencies, and the Alaska Court System will be severely impacted. Finally, changes in the focus of criminal prosecutions to crimes involving more than one person, like drug distribution rings, will create more conflict of interest cases in which OPA must undertake representation. Drug arrests are now occurring at a rate that is more than twice that of the first quarter of FY 96.

### Office of Public Advocacy Eligibility Review Criteria

See Major Issues, page 10.



# Department of Administration

## Alaska Public Offices Commission

Karen Boorman, Director

### Mission

Promote fairness and openness in elections, minimize the effect of undisclosed influences on public decision-making, and encourage participation in democracy so that the public may have confidence in state and local government.

### Primary Services

Inform the electorate by providing disclosed information  
Ensure that disclosed information is accurate and complete  
Encourage citizen participation in government  
Investigate and adjudicate complaints of reporting and conduct violations

### Customers

Individual members of the public  
Public and private interest groups  
Elected and appointed officials  
Political action committees, political parties, and large contributors  
Lobbyists and employers of lobbyists  
News media  
Other state and federal agencies

### FY 97 Initiatives

Improve quality of and access to the disclosed information for the public  
Emphasize compliance assistance to filers  
Support changes to APOC statutes to achieve consistency among the laws, facilitate filing by those subject to the law, and reduce inefficiencies while continuing to protect the public's interest in disclosure  
Implement filing of campaign disclosure reports by computer

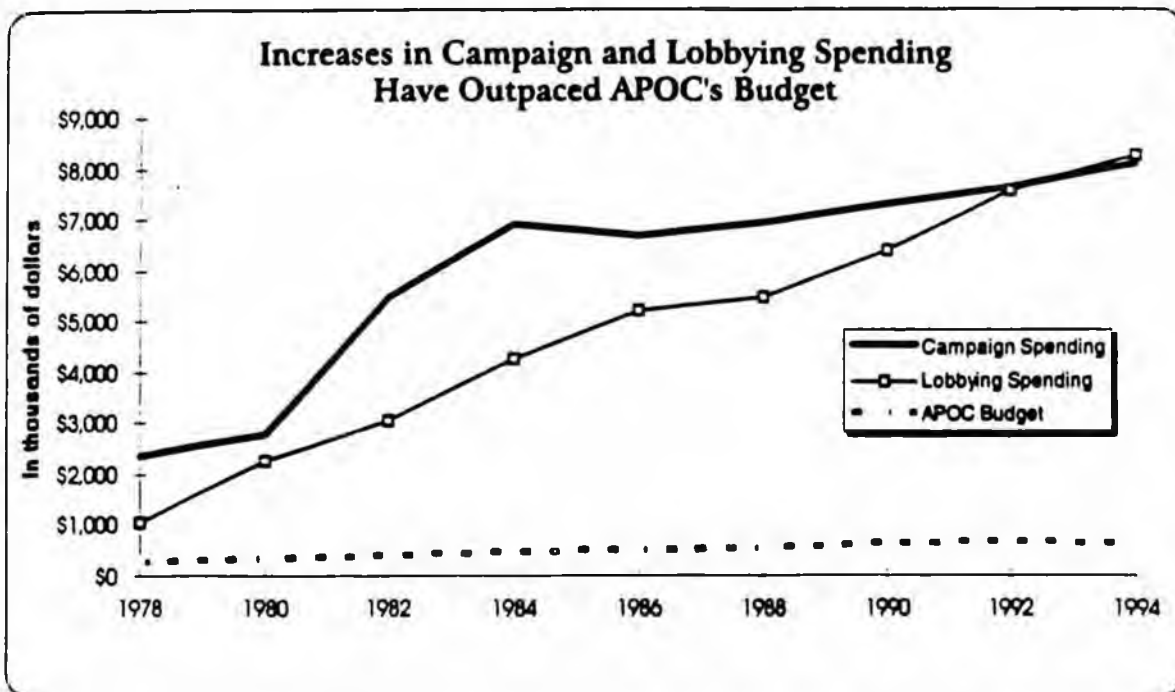
# ≡ Funding Summary

## Alaska Public Offices Commission Component

	FY 96 Authorized	FY 97 Governor's Request
GF Program Receipts	53.6	54.2
General Fund	580.2	567.8
Total Funds	633.8	642.0
PFT Positions	9.0	9.0

# ≡ FY 97 Update

APOC workload is directly related to lobbying and campaign spending; increased lobbying and campaign spending results in increased numbers of APOC disclosure filings and more public inquiries. As the following chart demonstrates, lobbying and campaign spending have increased dramatically since 1978 compared to the APOC budget.





# Department of Administration

## Alaska Oil and Gas Conservation Commission

David Johnston, Commissioner/Chair

### ≈ Mission

An independent, quasi-judicial agency of the state, funded by the Oil and Gas Conservation Tax, working to promote the conservation and efficient production of Alaska's oil and natural gas while protecting health, safety, and environment.

### ≈ Primary Services

Inspect oil field drilling, production, and metering activities

Approve drilling and workover operations

Approve oil pool development rules

Adjudicate disputes between owners

Administer Alaska's Underground Injection Control program for oil and gas wells

Maintain state production records

Maintain well history files and well log records

### ≈ Constituents

Oil and gas industry

Concerned citizens and organizations

Alaska Department of Natural Resources

Alaska Department of Revenue

United States Department of the Interior

United States Environmental Protection Agency

### ≈ FY 97 Initiatives

Conduct in-depth investigation of conservation issues associated with Natural Gas Liquids and Miscible Injectant production from the Prudhoe oil pool

Conduct in-depth investigation of existing Prudhoe Bay operating agreements to determine the need for more complete unitization and integration of interests in the Prudhoe Bay reservoir

Adopt new oil and gas drilling and development regulations to reflect new technologies and to foster efficient and safe production of Alaska's oil and gas

## Funding Summary

### Oil and Gas Conservation Commission Component

	FY 96 Authorized	FY 97 Governor's Request
General Fund	1,658.7	1,679.0
Federal Receipt	100.0	100.0
Total Funds	1,758.7	1,779.0
PFT Positions	21.0	20.0

## FY 97 Update

### Commission Funding

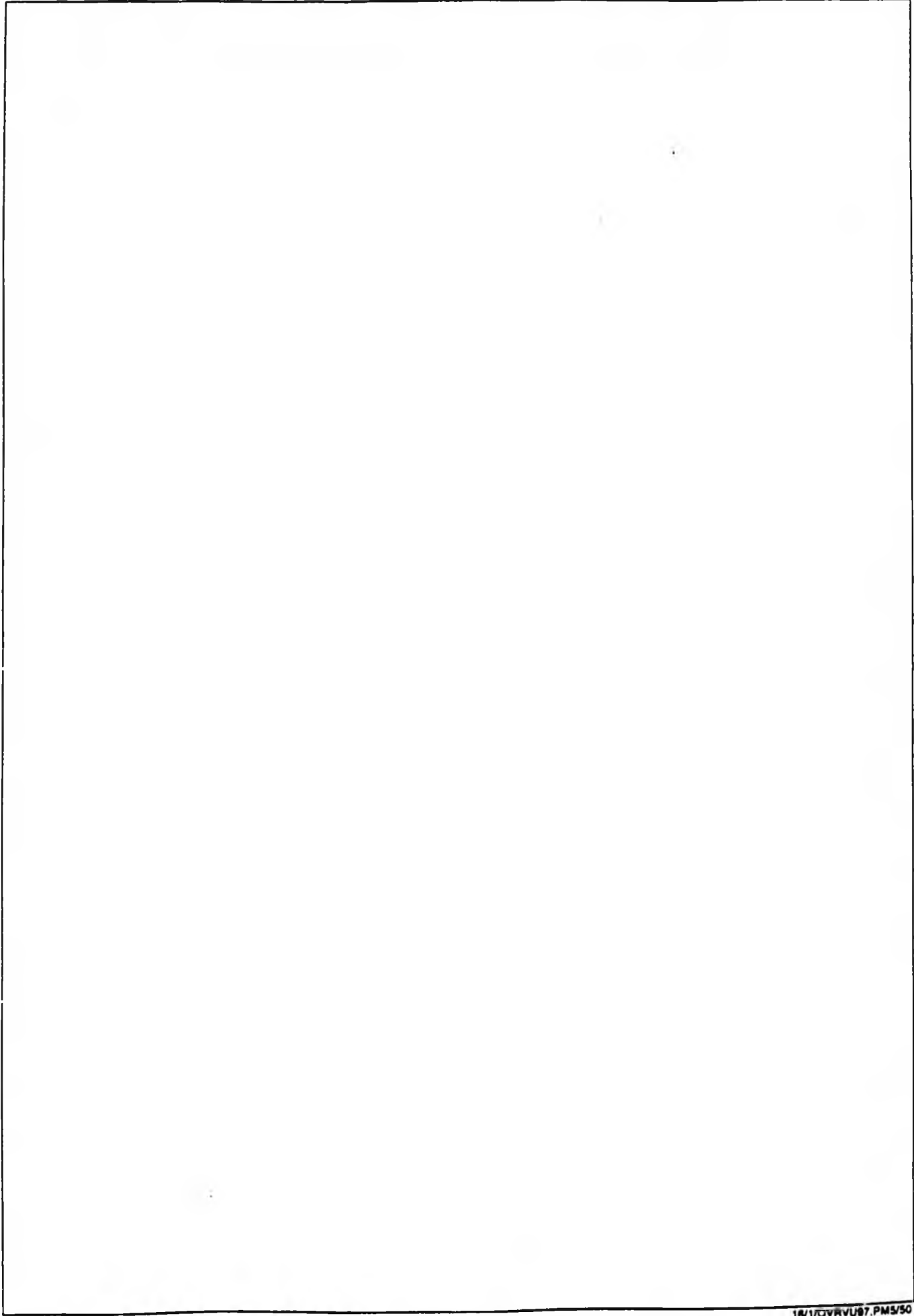
The Oil and Gas Conservation Tax (4 mills per barrel of oil and per 50 mcf of gas) was established to fund AOGCC programs. Estimated FY 97 tax revenue is about \$2 million; AOGCC's proposed budget is approximately \$1.7 million (General Funds).

### Staff Reduction

The commission proposes to eliminate one clerical position to accommodate increased personnel costs in FY 97.

### Unitization Issue

The commission is examining the possibility of ordering compulsory unitization, in the absence of voluntary integration, to form a common equity between gas and oil within the Prudhoe oil pool. Currently, two equities exist: one for the gas cap, another for the oil rim. Competition now exists between production of gas and production of oil. A more complete integration of interests may be necessary to prevent waste, protect correlative rights, and ensure a greater ultimate recovery.



# APPENDICES

# Appendix I

## DEPARTMENT OF ADMINISTRATION

### Five-Year Comparison—Total Funds

<b>FY 96 Dollars</b>	<b>FY 93</b>	<b>FY 94</b>	<b>FY 95</b>	<b>FY 96</b>	<b>FY 97</b>
Longevity Bonus	74,211.8	75,947.3	77,527.7	74,049.5	72,152.6
Protection, Community Services and Administration	2,511.7	2,658.2	3,590.5	3,663.8	3,691.8
Pioneers' Homes	33,847.6	32,696.0	31,724.3	30,626.9	31,038.7
Senior Services Grants	12,127.0	12,023.8	11,611.3	11,293.9	11,173.4
Public Defender	8,341.2	8,462.4	8,465.4	8,470.1	8,641.1
Office of Public Advocacy	7,580.2	7,573.7	7,545.3	7,429.9	7,605.6
Commissioner's Office	629.4	647.5	625.4	506.5	498.8
Citizens' Foster Care Review	0.0	124.9	178.8	139.6	138.3
Office of Labor Relations	0.0	0.0	0.0	0.0	1,080.2
Administrative Services	1,672.4	1,639.6	1,478.0	1,580.0	1,494.5
Personnel	5,088.4	5,138.2	5,220.8	4,308.9	3,129.9
Finance	7,345.1	7,234.3	6,742.1	6,551.8	5,940.8
General Services	4,191.2	4,212.9	4,489.2	4,674.4	4,532.1
Retirement and Benefits	8,542.8	8,054.5	8,494.3	8,347.7	8,109.5
EPORS	882.8	908.9	937.2	914.5	891.1
AOGCC	1,989.5	1,929.4	1,847.8	1,804.9	1,779.0
Alaska Public Offices Commission	722.4	683.6	684.1	650.5	642.0
Risk Management	20,547.6	19,511.5	19,621.9	19,068.2	21,966.8
Information Services	25,838.3	22,989.5	22,707.6	22,154.0	20,407.4
ARCS (Formerly RATNet)	1,532.2	1,351.4	1,381.4	978.8	913.5
Alaska Public Broadcasting Commission	6,874.3	6,619.7	6,200.5	4,553.1	4,359.3
Leasing and Facilities	34,681.2	34,503.6	31,381.2	29,046.1	30,547.2
<b>TOTALS</b>	<b>259,156.9</b>	<b>254,910.7</b>	<b>252,454.9</b>	<b>240,813.1</b>	<b>240,733.6</b>

## DEPARTMENT OF ADMINISTRATION

## FY 96 Authorized / FY 97 Governor's Request

COMPONENT		FY 96 AUTHORIZED	FY 97 REQUEST	VARIANCE
Longevity Bonus Grants	General Funds	72,152.6	72,152.6	0.0
	Total	72,152.6	72,152.6	0.0
Pioneers' Homes	GF Mental Health	414.0	420.8	6.8
	GF Program Receipts	5,123.5	7,948.5	2,825.0
	General Funds	24,304.8	22,669.4	(1,635.4)
	Total	29,842.3	31,038.7	1,196.4
	Permanent FT	477.0	477.0	0.0
	Permanent PT	85.0	82.0	(3.0)
Protection, Community Services, and Administration	Federal Receipts	1,319.2	1,319.9	0.7
	General Fund Match	145.9	146.9	1.0
	General Fund	1,674.9	1,741.6	66.7
	GF/Prog. Receipts	10.0	10.0	0.0
	GF/MHTIA	210.2	209.5	(0.7)
	I/A	209.7	211.0	1.3
	CIP	0.0	52.9	52.9
	Total	3,569.9	3,691.8	121.9
	Permanent FT	38.0	42.0	4.0
Permanent PT	0.0	1.0	1.0	
Nutrition, Transportation & Supplies	Federal Receipts	3,814.0	3,859.0	45.0
	General Fund Match	644.4	644.4	0.0
	General Fund	1,046.7	1,001.7	(45.0)
	Total	5,505.1	5,505.1	0.0
Senior Employment	Federal Receipts	1,554.0	1,554.0	0.0
	General Fund Match	198.3	198.3	0.0
	Total	1,752.3	1,752.3	0.0
Home & Community Based	Federal Receipts	45.0	0.0	(45.0)
	General Fund	1,065.6	1,110.6	45.0
	GF/MHTIA	1,621.6	1,871.6	250.0
	Total	2,732.2	2,982.2	250.0
Senior Residential	General Fund	1,015.0	933.8	(81.2)
	Total	1,015.0	933.8	(81.2)
Public Defender	General Fund	3,065.5	8,452.0	386.5
	GF/Prog. Receipts	187.6	189.1	1.5
	Total	8,253.1	8,641.1	388.0
	Permanent FT	103.0	105.0	2.0
	Permanent PT	4.0	3.0	(1.0)

## Appendix 2 (Cont'd)

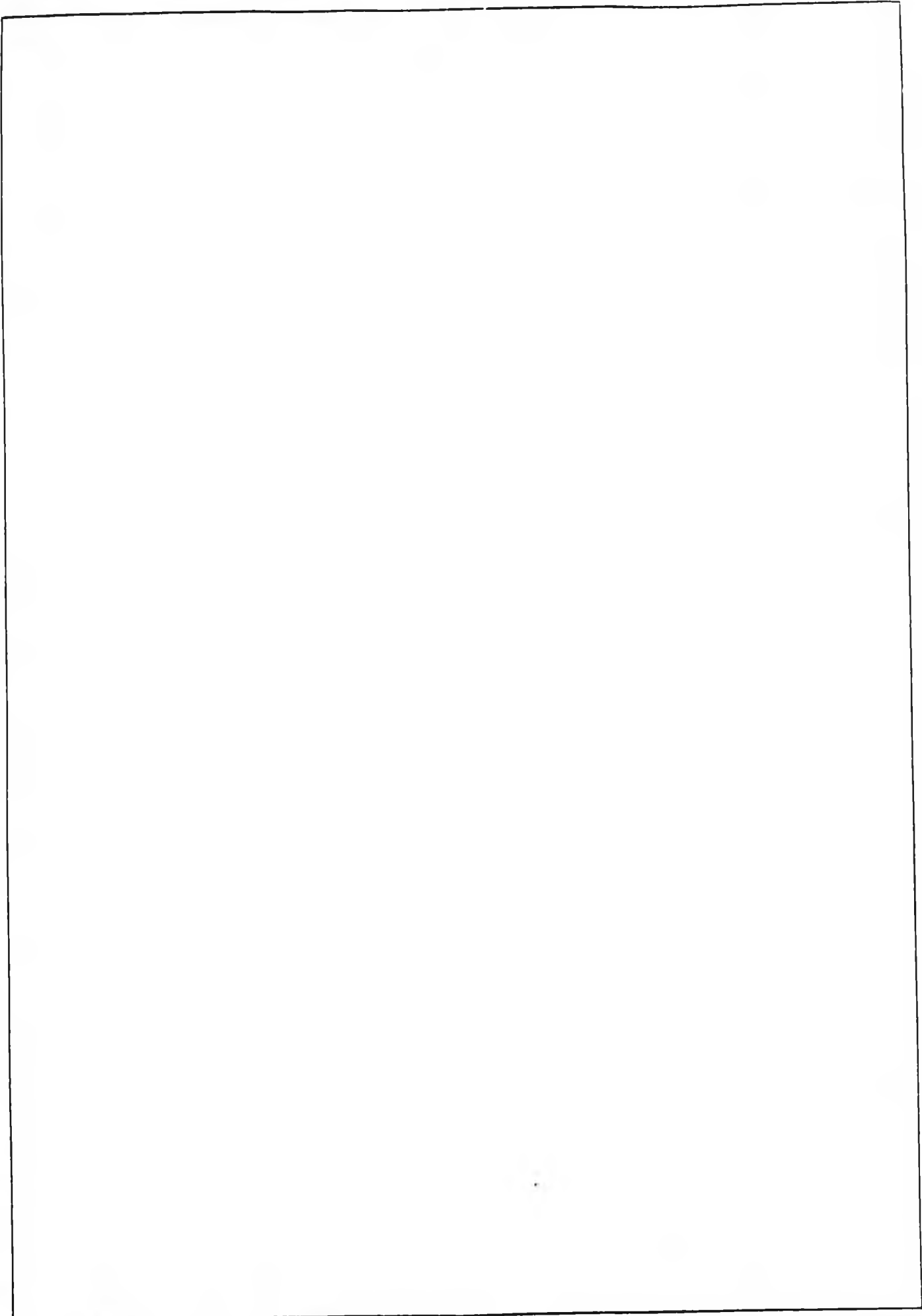
COMPONENT		FY 96 AUTHORIZED	FY 97 REQUEST	VARIANCE
Public Advocacy	Federal Receipts	15.0	15.3	0.3
	General Fund	6,493.5	6,819.3	325.8
	GF/Prog. Receipts	95.0	96.2	1.2
	GF/MHTIA	611.1	619.8	8.7
	I/A	25.0	55.0	30.0
	Total	7,239.6	7,605.6	366.0
	Permanent FT	36.0	35.0	0.0
	Permanent PT	0.0	1.0	1.0
Commissioner's Office	General Fund	378.5	383.7	5.2
	I/A	115.0	115.1	0.1
	Total	493.5	498.8	5.3
	Permanent FT	6.0	5.0	(1.0)
	Permanent PT	0.0	0.0	0.0
Citizen's Foster Care Review	General Fund	136.0	138.3	2.3
	Total	136.0	138.3	2.3
	Permanent FT	3.0	3.0	0.0
	Permanent PT	0.0	0.0	0.0
Labor Relations	General Fund	0.0	1,080.2	1,080.2
	Permanent FT	0.0	14.0	14.0
	Permanent PT	0.0	0.0	0.0
Administrative Services	General Fund	1,007.5	915.5	(92.0)
	I/A	532.0	579.0	47.0
	Total	1,539.5	1,494.5	(45.0)
	Permanent FT	25.0	24.0	(1.0)
	Permanent PT	0.0	0.0	0.0
Personnel	General Fund	3,333.8	2,201.7	(1,132.1)
	I/A	145.7	220.0	74.3
	CIP	0.0	0.0	0.0
	Total	3,479.5	2,421.7	(1,057.8)
	Permanent FT	51.0	37.0	(14.0)
	Permanent PT	0.0	2.0	2.0
Productivity Improvement Center	General Fund	0.0	0.0	0.0
	GF/Prog. Receipts	130.1	0.0	(130.1)
	GF Designated	0.0	128.0	128.0
	I/A	588.9	580.2	(8.7)
	Total	719.0	708.2	(10.8)
	Permanent FT	4.0	4.0	0.0
	Permanent PT	2.0	2.0	0.0
Finance	General Fund	6,384.0	5,919.0	(465.0)
	I/A	0.0	21.8	21.8
	Total	6,384.0	5,940.8	(443.2)
	Permanent FT	45.0	45.0	0.0
	Permanent PT	0.0	0.0	0.0
Purchasing	General Fund	1,664.5	1,626.4	(38.1)
	I/A	0.0	42.2	42.2
	Total	1,664.5	1,668.6	4.1
	Permanent FT	23.0	23.0	0.0
	Permanent PT	0.0	0.0	0.0

## Appendix 2 (Cont'd)

COMPONENT		FY 96 AUTHORIZED	FY 97 REQUEST	VARIANCE
Property Management	General Fund	43.4	44.2	0.8
	GF/Prog Receipts	582.8	584.1	1.3
	Surplus Property	274.8	313.7	38.9
	Total	901.0	942.0	41.0
	Permanent FT	7.0	8.0	1.0
	Permanent PT	1.0	1.0	0.0
Central Duplication	General Fund	398.3	399.7	1.4
	I/A	1,590.9	1,521.9	(69.1)
	Total	1,989.2	1,921.5	(67.7)
	Permanent FT	24.0	22.0	(2.0)
	Permanent PT	1.0	1.0	0.0
Retirement and Benefits	Ben. Sys. Receipts	3,959.9	3,886.7	(73.2)
	PERS	2,225.7	2,250.2	24.5
	TRS	1,785.2	1,807.7	22.5
	Judicial Ret. Sys.	39.2	39.7	0.5
	Nat. Guard Ret. Sys.	33.1	33.5	0.4
	FICA Admin. Fund	90.8	91.7	.9
	Total	8,133.9	8,109.5	(24.4)
	Permanent FT	71.0	72.0	1.0
	Permanent PT	0.0	0.0	0.0
EPORS	General Fund	891.1	891.1	0.0
	Total	891.1	891.1	0.0
AOGCC	Federal Receipts	100.0	100.0	0.0
	General Fund	1,658.7	1,679.0	20.3
	Total	1,758.7	1,779.0	20.3
	Permanent FT	21.0	20.0	1.0
	Permanent PT	0.0	0.0	0.0
APOC	General Fund	580.2	587.8	7.6
	GF/Prog. Receipts	53.6	54.2	0.6
	Total	633.8	642.0	8.2
	Permanent FT	9.0	9.0	0.0
	Permanent PT	1.0	1.0	0.0
Risk Management	I/A	18,579.7	21,966.8	3,387.1
	Total	18,579.7	21,966.8	3,387.1
	Permanent FT	7.0	7.0	0.0
	Permanent PT	0.0	0.0	0.0
Computer Services	ISF Fund	13,544.6	0.0	(13,544.6)
	Total	13,544.6	0.0	(13,544.6)
	Permanent FT	100.0	0.0	(100.0)
	Permanent PT	0.0	0.0	0.0
Telecommunications	ISF Fund	8,041.9	0.0	(8,041.9)
	Total	8,041.9	0.0	(8,041.9)
	Permanent FT	45.0	0.0	(45.0)
	Permanent PT	0.0	0.0	0.0
Information Services	ISF Fund	0.0	20,407.4	20,407.4
	Total	0.0	20,407.4	20,407.4
	Permanent FT	0.0	141.0	141.0
	Permanent PT	0.0	0.0	0.0

## Appendix 2 (Cont'd)

COMPONENT		FY 96 AUTHORIZED	FY 97 REQUEST	VARIANCE
RATNet	General Fund	779.8	0.0	(779.8)
	GF/Prog Receipts	15.0	0.0	(15.0)
	I/A	18.2	0.0	(18.2)
	IFC Gifts/Grants/Bequests	140.7	0.0	(140.7)
	Total	953.7	0.0	(953.7)
	Permanent FT	5.0	0.0	(5.0)
	Permanent PT	0.0	0.0	0.0
Alaska Rural Communications Services (ARCS, formerly RATNet)	General Fund	0.0	757.8	757.8
	IFC Gifts/Grants/Bequests	0.0	140.7	140.7
	GF Designated	0.0	15.0	15.0
	Total	0.0	913.5	913.5
Public Communications Services	General Fund	4,436.5	4,359.3	(77.2)
	Total	4,436.5	4,359.3	(77.2)
	Permanent FT	2.0	1.0	(1.0)
	Permanent PT	0.0	0.0	0.0
Leases	General Fund	23,171.0	24,177.6	1,006.6
	I/A	5,131.0	6,369.6	1,238.6
	Total	28,302.0	30,547.2	2,245.2
Internal Service Fund (Front Section Appropriation)	General Fund	0.0	0.0	0.0
	GF Prog. Receipts	55.0	0.0	(55.0)
	I/A	21,451.5	21,663.8	212.3
	IAR/Oil & Hazard Waste	80.0	150.5	70.5
	GF - Designated	0.0	55.0	55.0
	Total	21,586.5	21,869.3	282.8
<b>TOTAL ALL FUND SOURCES</b>				
Federal Receipts		6,847.2	6,848.2	1.0
General Fund		160,681.9	160,042.3	(639.6)
General Fund Match		988.6	989.6	1.0
GF/Program Receipts		6,197.6	8,882.1	2,684.5
GF/MHTIA		2,856.9	3,121.7	264.8
I/A		26,936.1	31,682.5	4,746.4
CIP		0.0	52.9	52.9
Surplus Property		274.8	313.7	38.9
Benefit System Receipts		3,959.9	3,886.7	(73.2)
PERS		2,225.7	2,250.2	24.5
TERS		1,785.2	1,807.7	22.5
Judicial Ret. Sys.		39.2	39.7	0.5
National Guard Retirement System		33.1	33.5	0.4
FICA Administrative Fund		90.8	91.7	0.9
Internal Service Fund		21,586.5	20,407.4	(1,179.1)
IFC Gifts/Grants/Bequests		140.7	140.7	0.0
General Funds Designated		0.0	143.0	143.0
<b>TOTAL ALL FUNDS</b>		<b>234,644.2</b>	<b>240,733.6</b>	<b>6,089.4</b>



### DEPARTMENT OF ADMINISTRATION

# Procurement Streamlining Initiative

## Background

During the summer of 1995, Commissioner Boyer began an initiative to review state procurement practices and develop recommendations to streamline those practices. In a July memo to all agencies, Commissioner Boyer challenged participants to, "review our procurement practices with an eye towards improved efficiencies." He went on to say, "Good government dictates administrative processes that efficiently and effectively produce results while preserving public accountability."

What has occurred since, is an initiative involving stakeholders that is changing the state procurement culture. The initiative seeks to develop best solutions and practices for the efficient and economical acquisition of supplies, services, equipment, and leases to support state program operations by working with stakeholders.

## Four Main Components of Initiative

1. Establish Procurement Advisory Council (PAC). Catalyst for continuous improvement and feed back from internal customers, vendor community, and private sector purchasing professionals.
2. Modify procurement laws as required to build the foundation of a streamlined procurement system.
3. Revise regulations and administrative manual policy to provide efficiencies.
4. Reengineer nonresponsive and dysfunctional procurement practices.

The large task group established as the Procurement Advisory Council was asked by Commissioner Boyer, "to review our procurement practices as well as best practices from other organizations and develop recommendations for streamlining our process." Sub groups reviewed specific issues or sections of statutes during September and October and made concept recommendations to PAC. To date, PAC has met six times, developed recommendations for changes to statute, initiated regulations and preference review work groups, and became an on-going part of the state procurement landscape.

## Who is involved?

From the outset, advice and perspective of those outside of state government was sought. Purchasing professionals from ARCO have attended PAC meetings and shared their ideas and experience. Vendor ideas and participation has come from several vendors. Representatives of Buy Alaska/University of Alaska Small Business Development Center, the Juneau Procurement Technical Assistance Center, University of Alaska, AIDEA, EVOS Trustee Council, Department of Law, OMB, and various customers and procurement practitioners from ten different state agencies are participating.

## Where Will This Initiative Lead?

- ◆ Changes in statute become the foundation and the beginning of a model procurement system. Changes in regulation, policy, and practices will be undertaken.
- ◆ Changes to statute, regulation, and policy will incorporate procurement reform concepts—several are similar to those enacted in the Federal Acquisition Streamlining Act of 1994.
- ◆ Stake holder task group made up of business and state practitioners will attempt to develop improved preference alternatives that foster Alaska Business and streamline procurement.
- ◆ Improved training for procurement practitioners
- ◆ More streamlined results oriented responsive system.

## Major Changes Proposed for Procurement Code

After several months of review and discussion, PAC has recommended a number of revisions to the state procurement code. Legislation is expected during this session that will streamline the state's procurement process to develop more efficient and economical acquisition of supplies, services, equipment. Changes include:

- ◆ Simplify procedures for procurements of services and supplies under \$50,000, construction under \$100,000, and leases under 5,000 s.f.
- ◆ Allow additional discretion by procurement officers to accomplish the mission.
- ◆ Provide greater discretion to enter into a contract with a single source when in the state's best interest.
- ◆ Expand accountability of state officials.
- ◆ Permit simplified protest process in regulations for small procurements.
- ◆ Provide an innovative procurement process.
- ◆ Expand the use of Competitive Sealed Proposals to achieve best value.
- ◆ Prevent preference brokering. Require bidder to be in the line of business solicited by the state.

DEPARTMENT OF ADMINISTRATION

## Public Communications

An active, vibrant, representative democracy rests upon a foundation of open, accessible, and informed communication among its peoples. Alaska, with its tremendous cultural diversity, its great distances, and its geographically isolated communities, relies more than other states on a robust system of communications technology to unify its citizens and ensure their access to essential information. The state and federal governments have provided significant support for the development of a variety of public telecommunications networks in Alaska, including operating and capital funding for public television, public radio, and the Rural Alaska Television Network (RATNet). As they have evolved over the years, these public communications byways have become increasingly two-way, bringing the voices of more and more Alaskans into the public discourse and decision-making. Because of its size and sparse population, Alaska cannot rely wholly on private investment to support the continued, necessary development of the state's communications infrastructure, particularly in the rural areas which comprise most of Alaska.

With state and federal operating support diminishing in recent years, a partnership of private citizens, public broadcasters, and state agencies has sought cost-benefits for state-supported telecommunications through creative planning and the use of emerging technology. One outcome of the planning was the state and federal funding of a capital project for satellite interconnection. The project is integrating through digital compression, the satellite delivery of public television, public radio, and the Alaska Rural Communications Service (formerly RATNet).

Besides the significant reductions in operating costs brought by the project, Alaskans are receiving improved program schedules and communications offerings. There are other positive developments. ARCS, having replaced RATNet, operates out of Bethel's KYUK, the public television station having integrated its local channel with the statewide public television network. The public television network, "Alaska One," provides a common schedule to audiences in Fairbanks, Juneau, and Bethel, reducing overhead in those sites. "Alaska Two" begins airing its coverage of the Legislature and other government functions this session out of KTOO, Juneau. Public radio audiences benefit as well, with regional networks of stations in 28 localities making cost-beneficial use of satellite interconnection. The hardware necessary to retrofit equipment in hundreds of communities has been ordered and will be in place within the next twelve months.

This budget reflects the new interrelatedness of statewide public communications budget components, anticipating future needs while addressing present realities. It thus ensures the continued effectiveness and cost-efficiencies of public communications to Alaskans while fostering public/private partnerships and support.

## DEPARTMENT OF ADMINISTRATION

## LABOR RELATIONS

## Bargaining Unit Summary of Negotiations

Unit	Expires	Status
1. General Government (GGU)	6/30/96	<b>Current agreement</b> extends the terms of the prior contract with no change in monetary terms.
	6/30/99	<b>Tentative agreement</b> effective July 1, 1996, through June 30, 1999. Includes salary schedule adjustment equal to one-half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5 percent, for each year of the contract. The state's monthly health insurance contribution may increase up to \$50 for each eligible employee per month, with future increases matched by employee payroll deduction. Martin Luther King, Jr. Day will be observed by Class One employees. January 1, 1997, the employee's birthday will no longer be observed. February 1999, Lincoln's Birthday will no longer be observed. Correctional Officers will convert to a system of personal leave, with a 60 percent conversion of sick leave to personal leave. Overtime after 37.5 hours of work in a workweek, versus 37.5 in pay status. Monetary terms submitted for legislative approval.
2. Inlandboatmen (IBU)	5/31/96	<b>Current agreement</b> includes a lump sum payment of \$950.00 payable no later than July 15, 1996. Monetary terms submitted for legislative approval.
	5/31/99	<b>Tentative agreement</b> effective June 1, 1996, through May 31, 1999. Includes salary schedule adjustment equal to one-half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5 percent, for each year of the contract. A 4.5 percent increase is guaranteed if the CPI should exceed 9 percent over the term of the agreement. Monetary terms submitted for legislative approval.
3. Labor, Trades, and Crafts (LTC)	6/30/96	<b>Current agreement</b> includes the conversion to a system of personal leave. 50 percent of sick leave will be converted to personal leave with the remainder retained as sick leave. Contracting out provisions are changed to require a cost-efficiency study.

## Appendix 5 (Cont'd)

Unit	Expires	Status
	6/30/96	Tentative agreement effective July 1, 1996, through June 30, 1999. Includes wage schedule adjustment equal to one-half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5 percent for each year of the contract. A 4.5 percent increase is guaranteed if the CPI should exceed 9 percent over the term of the agreement. Tool allowance will increase by ten dollars (\$10) per month. State's monthly contribution to the Public Employees Local 71 Health and Welfare Trust may increase by up to \$26. Any increase in state contribution will be matched by payroll deduction from employees. Current employees will receive a one-time addition of two days to their leave accounts. Holidays proclaimed by the president of the United States will no longer be recognized. Monetary terms submitted for legislative approval.
4. Marine Engineers (MEBA)	10/31/96	Negotiations have not formally commenced.
5. Masters, Mates, & Pilots (MM&P)	6/30/96	Current agreement effective April 1, 1994, through June 30, 1996, includes a lump sum payment of \$950.00 payable no later than July 15, 1996. Monetary terms submitted for legislative approval.
	5/31/99	Tentative Agreement effective June 1, 1996, through May 31, 1999. Includes salary schedule adjustment equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5 percent, for each year of the contract. A 4.5 percent increase is guaranteed if the CPI should exceed 9 percent over the term of the agreement. Southwest Deck Officers shall be paid for the 31st day of the month if worked. Lincoln's Birthday shall be treated as a floating holiday. Monetary terms submitted for legislative approval.
6. Supervisory (SU)	06/30/96	Current agreement extends the prior agreement. Includes conversion of 20 percent of existing medical leave balances to personal leave effective December 16, 1995.
	6/30/99	Tentative Agreement effective July 1, 1996, through June 30, 1999. Includes salary schedule adjustment for overtime-eligible employees equal to one-half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5 percent, for each year of the contract. A 4.5 percent increase is guaranteed if the CPI should exceed 9 percent over the term of the agreement. The salary schedule for overtime ineligible

Unit	Expires	Status
		bargaining unit members will increase 1.5 percent each year of the agreement. \$50,000 will be allocated for supervisory training each year of the agreement. The standby rate of pay for overtime-ineligible employees is increased from 0.75 hours pay per standby day to 1.25. Monetary terms submitted for legislative approval.
7. Public Safety (PSEA)	12/31/95	<b>Current agreement.</b> Arbitrator's award for 1992-94 received and amended. Extended one year by agreement.
	12/31/98	<b>Tentative agreement.</b> Effective January 1, 1996, to December 31, 1998. The salary schedule will increase by 1.5 percent each year of the agreement. Effective July 1, 1996, the State's health insurance contribution will increase to \$495. Effective July 1, 1997, the State's health insurance contribution will increase to \$520. Monetary terms submitted for legislative approval.
8. Correspondence Teachers (ACSEA)	6/30/96	<b>Current agreement</b> extends the terms of the prior contract.
	6/30/99	<b>Tentative agreement</b> effective July 1, 1996, through June 30, 1999. Includes salary schedule adjustment equal to one-half of the increase in the Anchorage Consumer Price Index (CPI-U) not to exceed 1.5 percent, for each year of the contract. Monetary terms submitted for legislative approval.
9. Confidential (K)	06/30/96	<b>Negotiations in progress.</b>
10. Alaska Vocational Technical Center (AVTEC)	06/30/96	<b>Negotiations in progress.</b>
11. Mt. Edgecumbe Teachers	06/30/97	Negotiations begin Winter 1996.

**DEPARTMENT OF ADMINISTRATION  
Funded and Projected Salary Increases Compared to Increases in the Anchorage CPI-U**

% CPI Change	Cumulative Change	Year	CPI-U	Negotiated Wage Incr GGU 2&3	Negotiated Wage Incr GGU 1	Negotiated Wage Incr SU	Negotiated Wage Incr LTC	Negotiated Wage Incr CEA	Negotiated Wage Incr PSEA	Negotiated Wage Incr IBU	Negotiated Wage Incr MM&P	Negotiated Wage Incr MEBA
0.00%	0.00%	1984	103.25							3.0		
2.43%	2.43%	1985	105.76	5.0	5.0	3.5	5.0	5.0	5.0	2.0	2.0	2.0
1.96%	4.39%	1986	107.83									
0.38%	4.77%	1987	108.24									
0.33%	5.10%	1988	108.60							2.1		
2.85%	7.96%	1989	111.70									
6.18%	14.13%	1990	118.60	3.3	4.25	3.3	3.3	3.3	3.3	3.3	3.3	3.3
4.55%	18.69%	1991	124.00	5.0	5.0	5.0	4.5	5.0	5.0	5.0	5.6	5.51
3.39%	22.07%	1992	128.20	3.6	3.6	3.6	3.6	3.6		3.6	3.6	3.6
3.12%	25.19%	1993	132.20									
2.12%	27.31%	1994	135.00						3.6			3.1
* 2.37%	29.68%	1995	138.20					2.5				
* 3.26%	32.94%	1996	142.70	1.5	1.5	1.5	1.5			1.5	1.5	
* 3.15%	36.09%	1997	147.20	1.5	1.5	1.5	1.5			1.5	1.5	
* 3.06%	39.15%	1998	151.70	1.5	1.5	1.5	1.5			1.5	1.5	
* 2.97%	42.11%	1999	156.20									
<b>Total thru 95</b>		<b>16.9</b>	<b>17.9</b>	<b>15.4</b>	<b>16.4</b>	<b>19.4</b>	<b>19.9</b>	<b>16.0</b>	<b>14.5</b>	<b>17.5</b>		
<b>Projected to 99</b>			<b>21.4</b>	<b>22.4</b>	<b>19.9</b>	<b>20.9</b>	<b>19.4</b>	<b>19.9</b>	<b>20.5</b>	<b>19.0</b>	<b>17.5</b>	

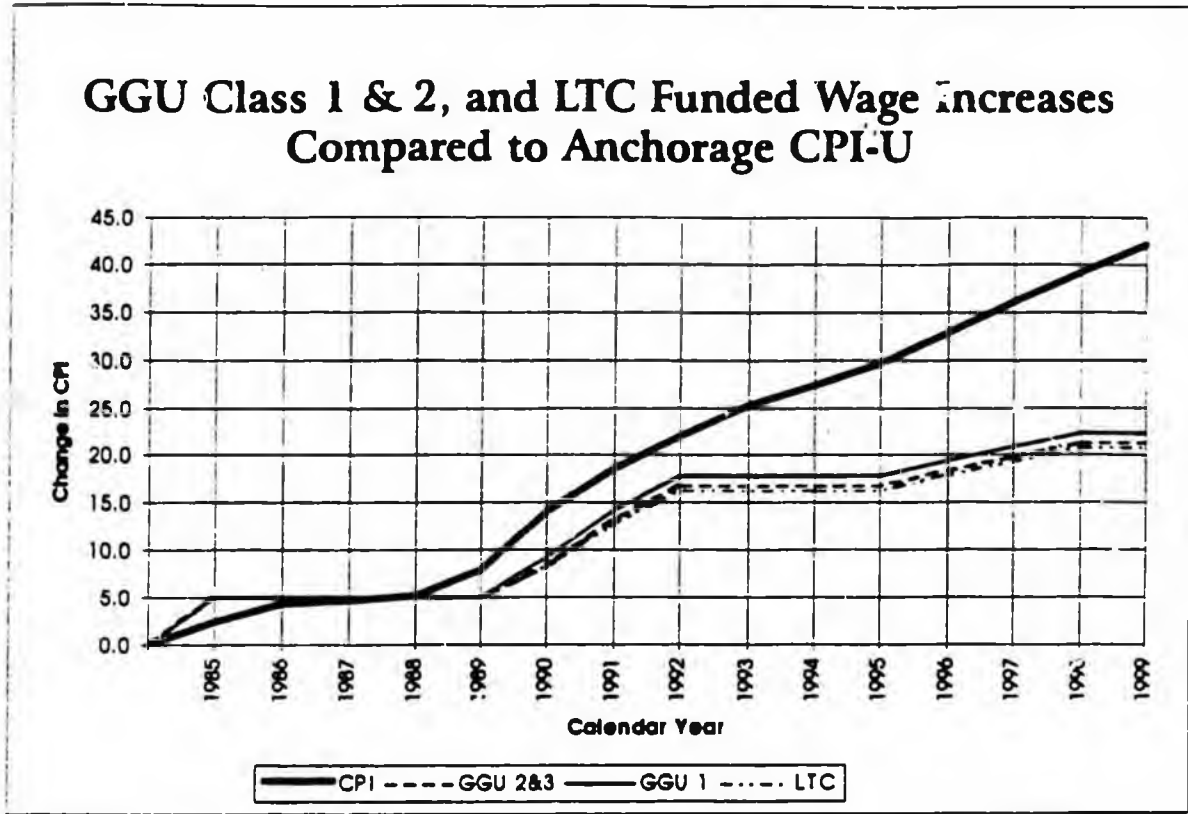
Notes: GGU, SU, LTC, IBU, and MM&P have negotiated 1/2 of the CPI cost of living increases capped at 1.5% Negotiations/Discussions to begin Winter 95/96 for Statutory EE's, CEA, and PSEA. Negotiations ongoing with Court System Employees.

\* Projection

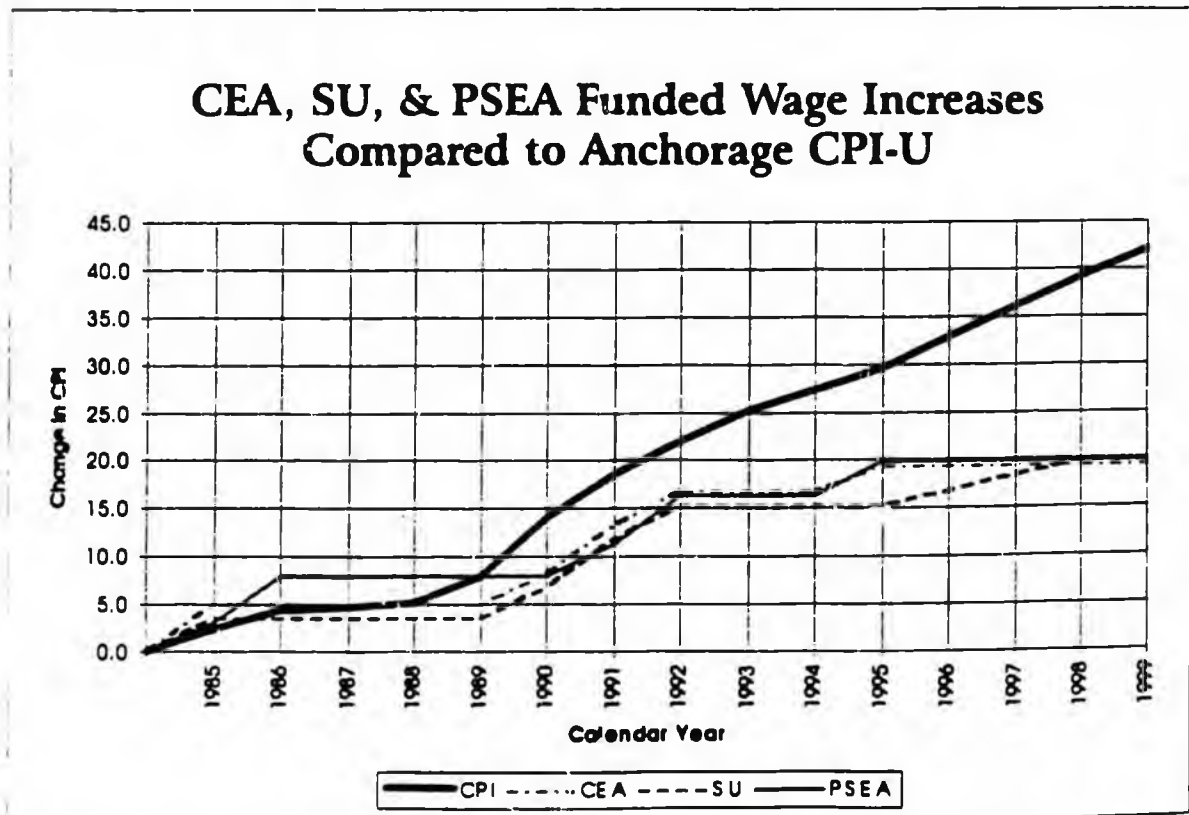
DEPARTMENT OF ADMINISTRATION  
**Funded and Projected Salary Increases Compared to Increases in the Anchorage CPI-U**

	<b>% CPI Change CPI</b>	<b>Wage Increase GGU 2&amp;3</b>	<b>Wage Increase GGU 1</b>	<b>Wage Increase SU</b>	<b>Wage Increase LTC</b>	<b>Wage Increase CEA</b>	<b>Wage Increase PSEA</b>	<b>Wage Increase IBU</b>	<b>Wage Increase MM&amp;P</b>	<b>Wage Increase MEBA</b>
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1985	2.4	5.0	5.0	3.5	5.0	5.0	3.0	2.0	2.0	2.0
1986	4.4	5.0	5.0	3.5	5.0	5.0	8.0	2.0	2.0	2.0
1987	4.8	5.0	5.0	3.5	5.0	5.0	8.0	2.0	2.0	2.0
1988	5.1	5.0	5.0	3.5	5.0	5.0	8.0	4.1	2.0	2.0
1989	8.0	5.0	5.0	3.5	5.0	5.0	8.0	4.1	2.0	2.0
1990	14.1	8.3	9.3	6.8	8.3	8.3	8.0	7.4	5.3	5.3
1991	18.7	13.3	14.3	11.8	12.8	13.3	11.3	12.4	10.9	10.8
1992	22.1	16.9	17.9	15.4	16.4	16.9	16.3	16.0	14.5	14.4
1993	25.2	16.9	17.9	15.4	16.4	16.9	16.3	16.0	14.5	14.4
1994	27.3	16.9	17.9	15.4	16.4	16.9	16.3	16.0	14.5	17.5
1995	29.7	16.9	17.9	15.4	16.4	19.4	19.9	16.0	14.5	17.5
1996	32.9	18.4	19.4	16.9	17.9	19.4	19.9	17.5	16.0	17.5
1997	36.1	19.9	20.9	18.4	19.4	19.4	19.9	19.0	17.5	17.5
1998	39.2	21.4	22.4	19.9	20.9	19.4	19.9	20.5	19.0	17.5
1999	42.1	21.4	22.4	19.9	20.9	19.4	19.9	20.5	19.0	17.5

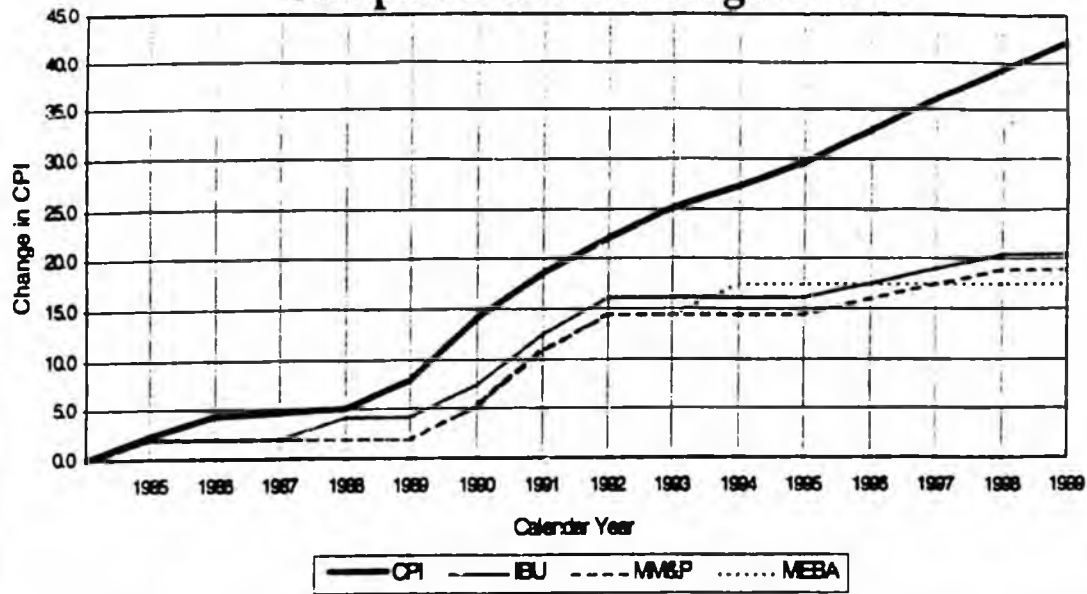
### GGU Class 1 & 2, and LTC Funded Wage Increases Compared to Anchorage CPI-U



### CEA, SU, & PSEA Funded Wage Increases Compared to Anchorage CPI-U



### IBU, MM&P, and MEBA Funded Wage Increases Compared to Anchorage CPI-U



### DEPARTMENT OF ADMINISTRATION

## Information Services Fund Update

### *Background*

From FY 83 through FY 93, information services (computer and telecommunication services) provided by the Department of Administration were funded primarily through general fund appropriations. However, over one-fourth of the entire annual budget appropriation (approximately \$6.0 million in the early 90s) was funded through "chargebacks" to customer agencies. The partial chargeback funding mechanism, along with an exponential increase in the demand for services, created many problems related to the management and funding of information systems. A 1989 Legislative Audit recommended that an internal service fund be established to account for the financing of cost-reimbursement services to customer agencies. The audit pointed out the following advantages in using an internal service fund:

- Account for the total cost of the activity;
- Provide greater ease in costing and pricing services;
- Accumulate resources for replacing fixed assets.

Since the objective of an internal service fund is to recover total cost through user charges, the relationship of costing and pricing for services is important. Cost analysis is the process of defining a service and establishing the cost of providing the service. Once an individual service has been defined, an internal service fund assists in identifying total costs for the service because all costs are discretely accounted. Total costs are divided by the number of units of service output to establish rates for a service. Rates for an upcoming fiscal year are provided to customer agencies for use in developing departmental budgets.

Depreciation expense needs to be a component of rates if there is an expectation that equipment replacement will be paid out of an internal service fund. As agencies pay for services provided, a portion of the cash collected is for depreciation expense, which may not require an immediate cash outlay. At the end of a fiscal year, cash would remain in the fund to the extent that depreciation expense exceeds fixed asset purchases. The cash would be available to fund future fixed asset purchases authorized by the legislature in operating or capital appropriations.

As a result of the audit recommendation, the administration and the legislature sought a return to a full chargeback system to more effectively manage the use and growth of the state's centralized computing and telecommunication services. Accordingly, Chapter 156/SLA 1990 was signed into law as AS 44.21.045. This statute established an internal service fund, titled Information Services Fund (ISF), and requires agencies to budget for their use of information services.

In order to operate under a fully recognized internal service fund, services provided must be funded through receipts for services. The implementation to full-rate-based services has taken a number of years. It was not until FY 93, that rates could be developed and mechanisms put in place to allow an orderly transition from being primarily funded from general funds to funding primarily from receipts for services. In FY 96, the final phase of base-budget transfers occurred paving the way for full-rate-based services in FY 97.

### *Current Situation*

FY 97 rates have been developed in accordance with generally-accepted accounting principles (GAAP), and employ recommendations made by auditors to comply with GAAP and applicable federal guidelines. The following principles have had the largest effect on rates and thus corresponding changes to the budget structure:

- ◆ The department had previously included full depreciation as a component of computer services rates. The department had not included full depreciation for telecommunications equipment since most of the fixed assets for telecommunications was contributed capital not purchased from the ISF. Telecommunications rates for a year included a component for the expected cash outlay for fixed assets for that year. Office of Management and Budget (OMB) recommended in an April 1995 audit, that depreciation be included as a component of telecommunication rates. OMB auditors pointed out that including depreciation as a component of rates builds a cash reserve for future replacement of fixed assets. A systematic approach prevents significant rate fluctuations which may occur if replacement purchases were only included in rates during the year of purchase.

One could theorize that significant cash pools would accumulate in the ISF as a result of this requirement. However, this has not occurred due to several factors: 1) GAAP will not allow the payment of principle on equipment which is procured through lease/purchases. In the past, much of the equipment attributed to the Fund has been procured through lease/purchases. And 2) recent changes to the federal requirements restrict cash accumulations in the fund of up to 60 days of cash expenditures for normal operating expenditures.

The department received a number of capital appropriations in FY 96 and has requested additional capital appropriations in FY 97 to be funded from the Information Services Fund. These requests are funded primarily through the depreciation component included in the rates. Once cash accumulates sufficiently to fund the capital appropriations, expenditures will be made.

- ◆ Federal guidelines require that there be an explanation of how variances between revenues and expenses will be handled. OMB recommended in their April 1995 audit that over- or under-recoveries in the ISF in any particular year be rolled prospectively into rate development in the second subsequent year. FY 97 rates were based on FY 95 actual costs. In general, the department over-recovered for some services and under-recovered in other services in FY 95. These over- and under-recoveries have been factored into FY 97 rates. Adjustment of future rates to compensate for past over- or under-recoveries has the effect of maintaining a fund balance with no long-term profit or loss. This method is in compliance with GAAP and satisfies federal guidelines for explanations of how variances will be handled.

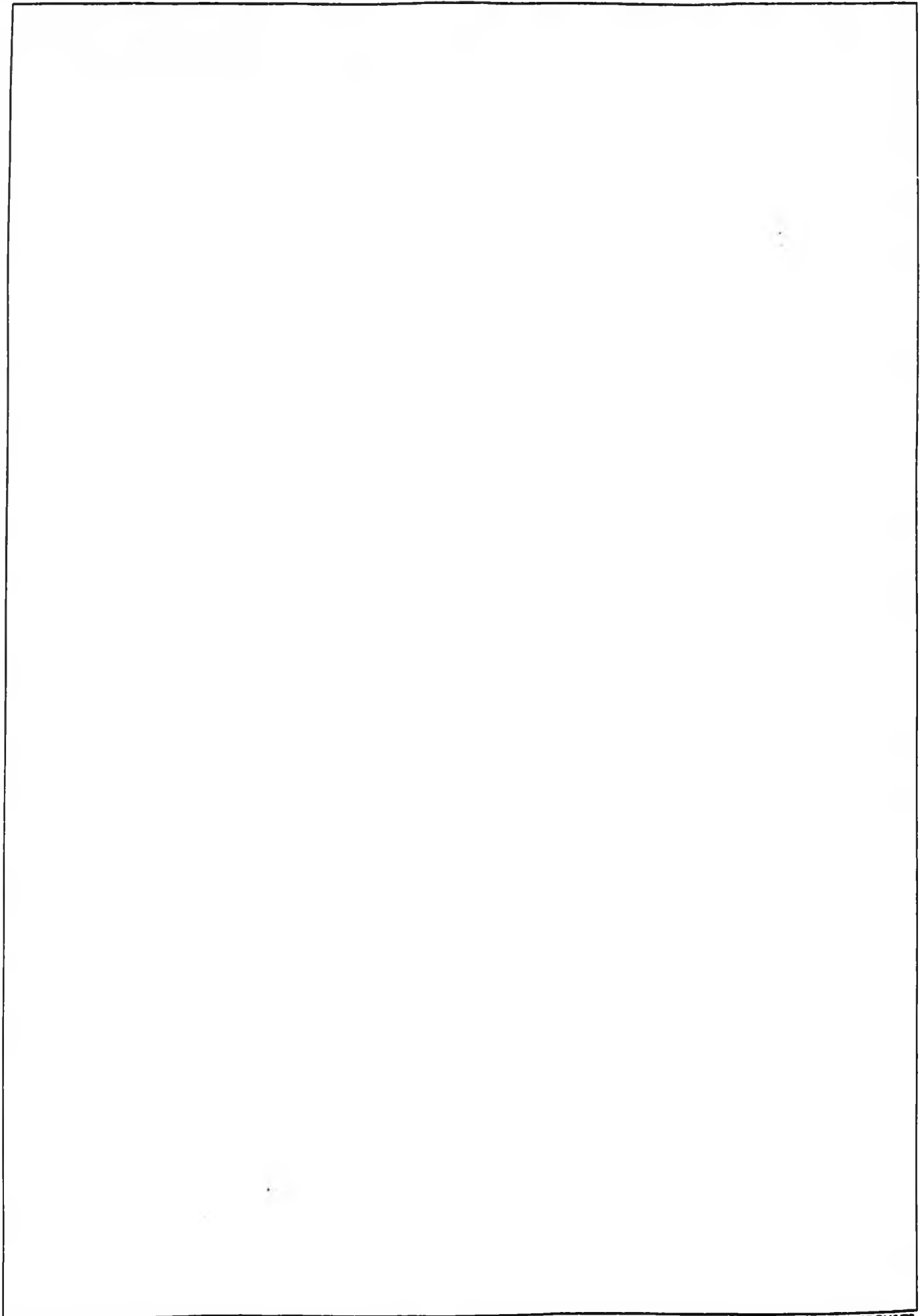
Thus changes made in this budget reflect full implementation of an internal service fund in accordance with AS 44.21.045.

DEPARTMENT OF ADMINISTRATION  
**Fee Schedule**

Component	Service Provided	FY 95 Fee	FY 96 Fee	Proposed FY 97 Fee	FY 97 Budget Increase from Fee Change	Regulation #	Statute #
Pioneers' Homes	Basic Assisted Living Care	\$780 - \$860/Mo	\$860/Mo	\$1289/Mo	\$825,000.00 Total	2AAC 41.015	AS 47.55
Pioneers' Homes	Enhanced Assisted Living Care	\$965/Mo	\$965/Mo	\$1553/Mo	\$825,000.00 Total	2AAC 41.015	AS 47.55
Pioneers' Homes	ADRD Care	n/a	n/a	\$1579/Mo	\$825,000.00 Total	2AAC 41.015	AS 47.55
Pioneers' Homes	Coordinated Services	\$665-\$735/Mo	\$735/Mo	\$935/Mo	\$825,000.00 Total	2AAC 41.015	AS 47.55
Pioneers' Homes	Skilled Nursing Care	\$975-\$1100/Mo	\$1100/Mo	\$1884/Mo	\$825,000.00 Total	2AAC 41.015	AS 47.55
Longevity Bonus	Computer Disk with names and addresses of recipients by zip code	\$10/disk/Zip Code \$20/disk/Anch \$30/disk/Statewide	\$10/disk/Zip Code \$20/disk/Anch \$30/disk/Statewide	\$10/disk/Zip Code \$20/disk/Anch \$30/disk/Statewide	None		AS 09.25.110
Senior Services Administration	Assisted living licensing applications	n/a	\$25/bed every 2 years	\$25/bed every 2 years	None	2AAC 42.010	AS 44.33.910
Productivity Improvement Center (PIC)	Training Tuition	1/2 day	\$50.00	\$50.00	None		AS 39.25.050
		1 day	\$95.00	\$95.00			AS 39.25.050
		2 days	\$180.00	\$180.00			AS 39.25.050
		3 days	\$280.00	\$280.00			AS 39.25.050
		5 days	\$380.00	\$380.00			AS 39.25.050
PIC	Computer Training	1 day	\$135.00	\$135.00	None		AS 39.25.050
PIC	In-house Consulting	Hourly Fee	\$90.00	\$90.00	None		AS 39.25.050
		Daily Fee	\$1,000.00	\$1,000.00			AS 39.25.050
Telecom Services	Kenal Peninsula Microwave System	\$18,000 per channel	\$19,998 per channel	\$19,998 per channel	None		AS 44.21.310B
ARCS	Earth Station	\$70.00/hour	\$70.00/hour	\$70.00/hour	None		AS 44.21.310B
Computer Services	US Gov't Marine Fisheries/ Political Subdivisions	Annual Charge based on usage	Annual Charge based on usage	Annual Charge based on usage	None		AS 44.21.300B
Property Management	State Surplus Equipment Disposal	Amount of Sale	Amount of Sale	Amount of Sale	None		AS 44.68.110
Property Management	Federal Surplus Property Handling	% of acquisition cost	% of acquisition cost	% of acquisition cost	None		AS 44.68.120

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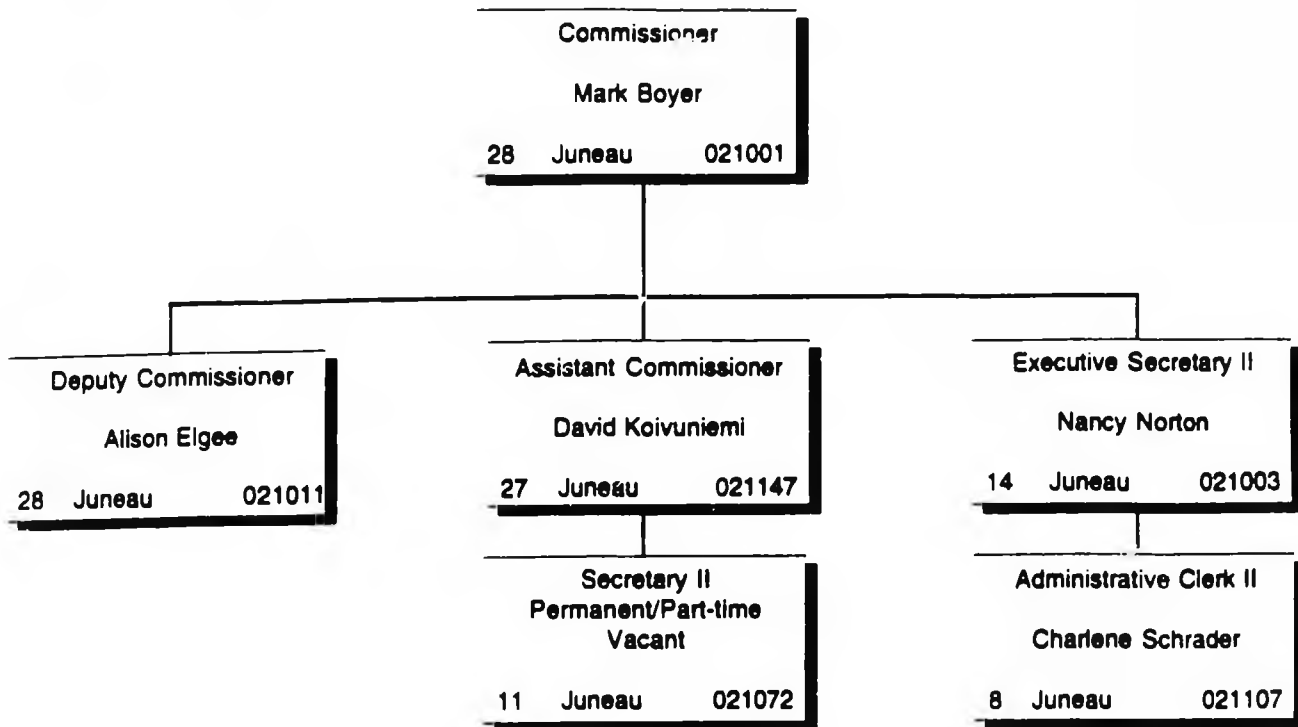
Component	Service Provided	FY 95 Fee	FY 96 Fee	Proposed FY 97 Fee	FY 97 Budget Increase from Fee Change	Regulation #	Statute #
APOC	Photo Copies	\$0.20/copy except Anchorage \$0.25/copy no charge if less than 11 copies. Personnel costs are charged if work from single requester exceeds 5hr./mo.	Same as FY 95	Same as FY 95	None	2AAC 50.910	AS 15.13.030(3) AS 15.13.030(5) AS 39.50.050(d) AS 24.45.101 AS 09.25.110 AS 09.25.115
APOC	Lobbyist Directory Lobbying Activity All Others	\$2.00 each \$5.00 each \$2.00 each	\$2.00 each \$5.00 each \$2.00 each	\$2.00 each \$5.00 each \$2.00 each	None	Same as above	Same as above
APOC	Computer Reports	\$0.30/sheet; no charge if less than 11 sheets. Personnel costs are charged if work from a single requester exceeds 5 hrs./mo.	Same as FY 95	Same as FY 95	None	Same as above	Same as above
APOC	Computer Disketts; copy of existing public document (no editing)	\$5.00/3.5" disk. \$2.00/5.25" disk. Personnel costs are charged if work from a single requester exceeds 5 hrs./mo.	Same as FY 95	Same as FY 95	None	Same as above	Same as above
APOC	Computer Diskette; custom computer reports requiring editing or staff time to set up or produce	\$17.00/disk. if work from a single requester exceeds 5 hrs./month \$13/disk plus personnel costs.	Same as FY 95	Same as FY 95	None	Same as above	Same as above
APOC	User Manuals	First copy free, additional; \$10.00 Campaign Disclosure \$4.00 - Conflict of Interest \$2.00 - Lobbyin; \$3.00 - Legislative Ethics Financial Disclosure	Same as FY 95	Same as FY 95	None	Same as above	Same as above
APOC	Audio Cassettes	\$7.50/tape Personnel costs are charged if work from a single requester exceeds 5 hrs./mo	Same as FY 95	Same as FY 95	None	Same as above	Same as above
APOC	Video Cassettes	\$5.00/tape	Same as FY 95	Same as FY 95	None	Same as above	Same as above
APOC	Lobbyist Registration	\$100.00	Same as FY 95	Same as FY 95	None	Same as above	Same as above
AOGCC	Drilling Permits	\$100/per application	\$100/per application	\$100/per application	None		AS 31.05.090
AOGCC	Well File Copies	\$.25/page	\$.25/page	\$.25/page	None	6AAC 95.130(a)	
AOGCC	Statistical Reports	\$.25/page	\$.25/page	\$10.00 Per Copy	None	6AAC 95.130(a)	



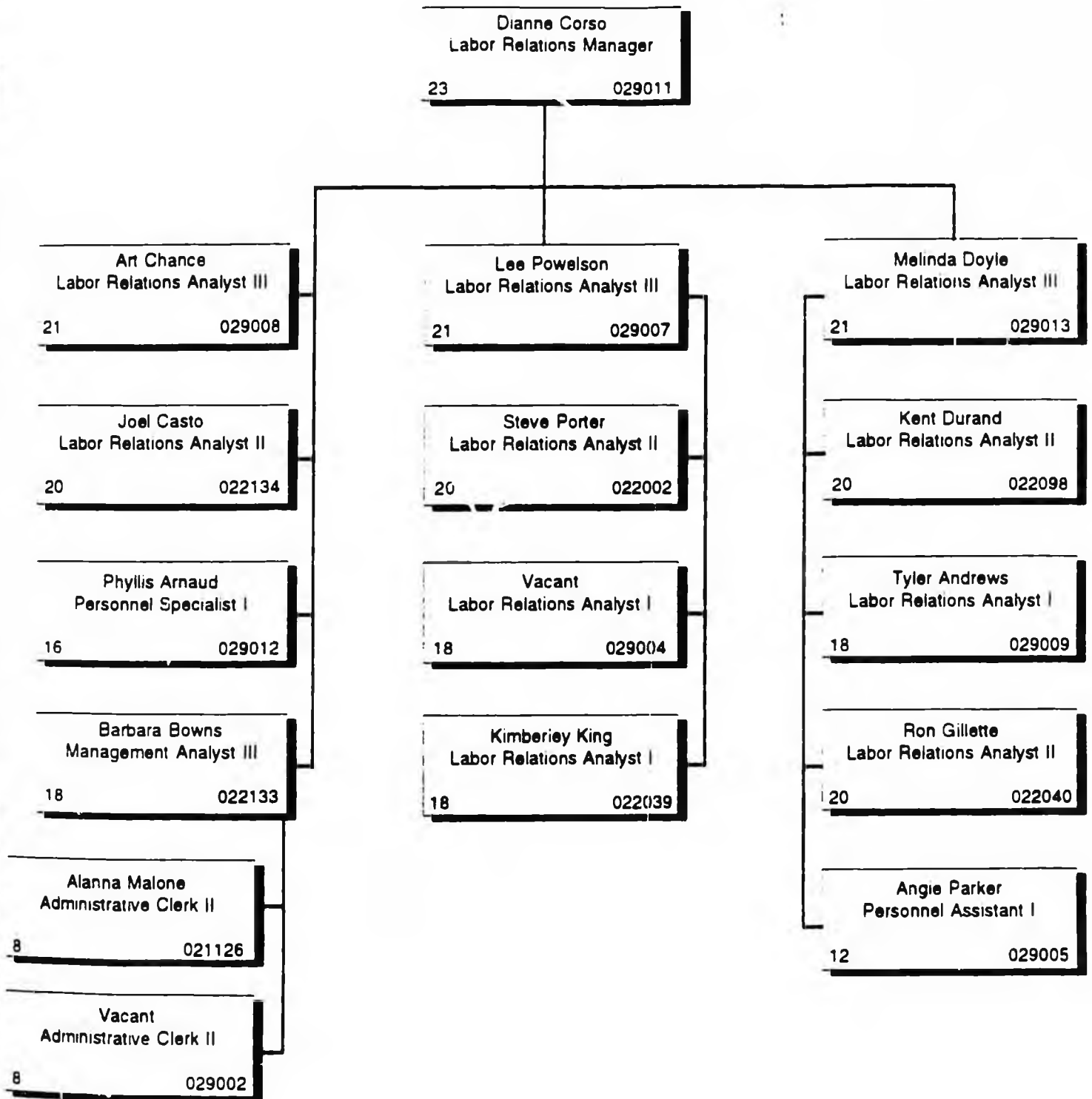
# STAFFING CHARTS

The Staffing Charts which appear in this section are working documents and are for illustrative purposes only. They reflect FY 96 staffing levels at the time they were prepared. Please see Division Overview pages and Appendix 2 for FY 97 Governor's staffing numbers.

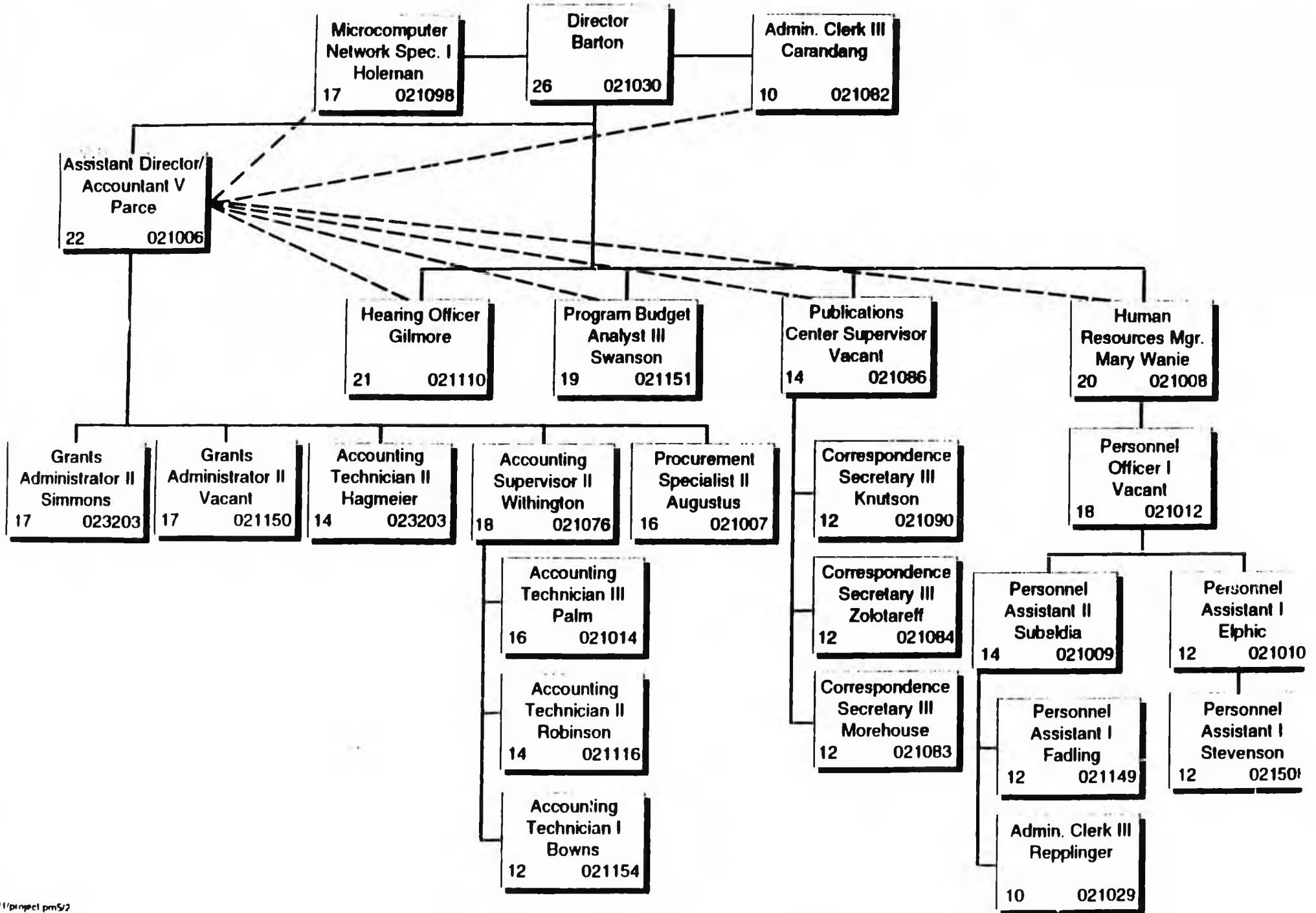
DEPARTMENT OF ADMINISTRATION  
COMMISSIONER'S OFFICE



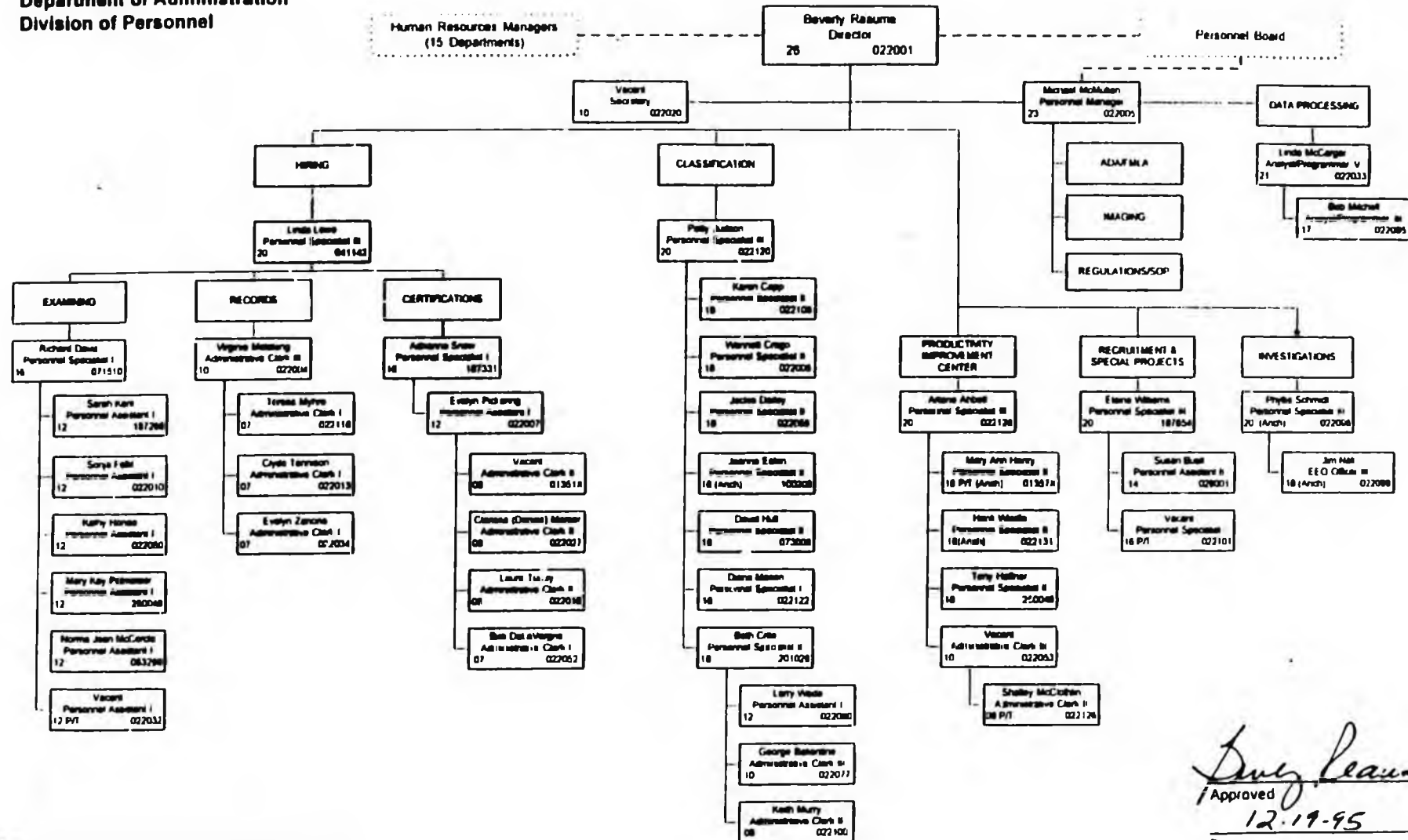
Department of Administration  
 Commissioner's Office—Labor Relations Section  
 Organizational Chart



DEPARTMENT OF ADMINISTRATION  
DIVISION OF ADMINISTRATIVE SERVICES



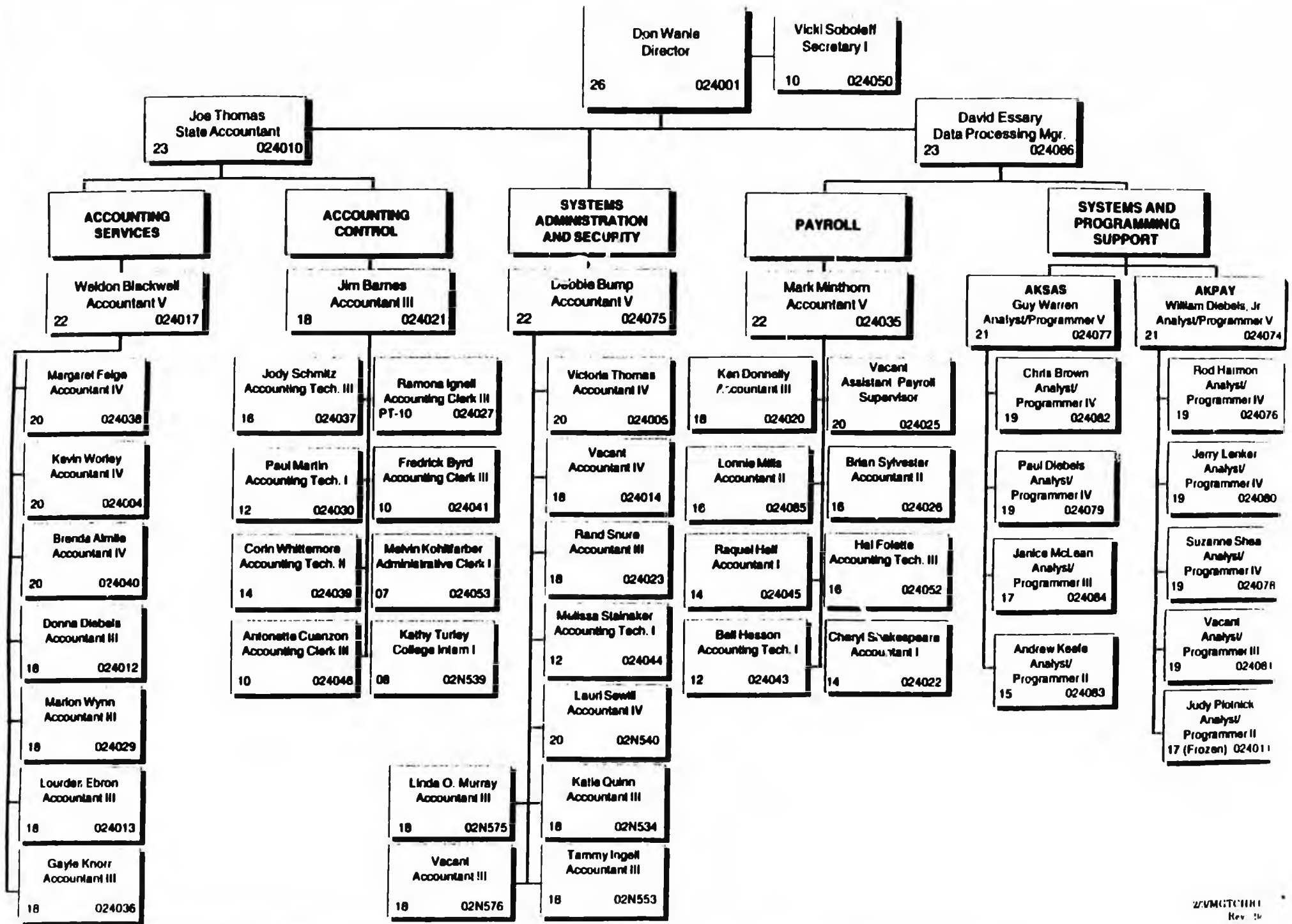
Department of Administration  
Division of Personnel



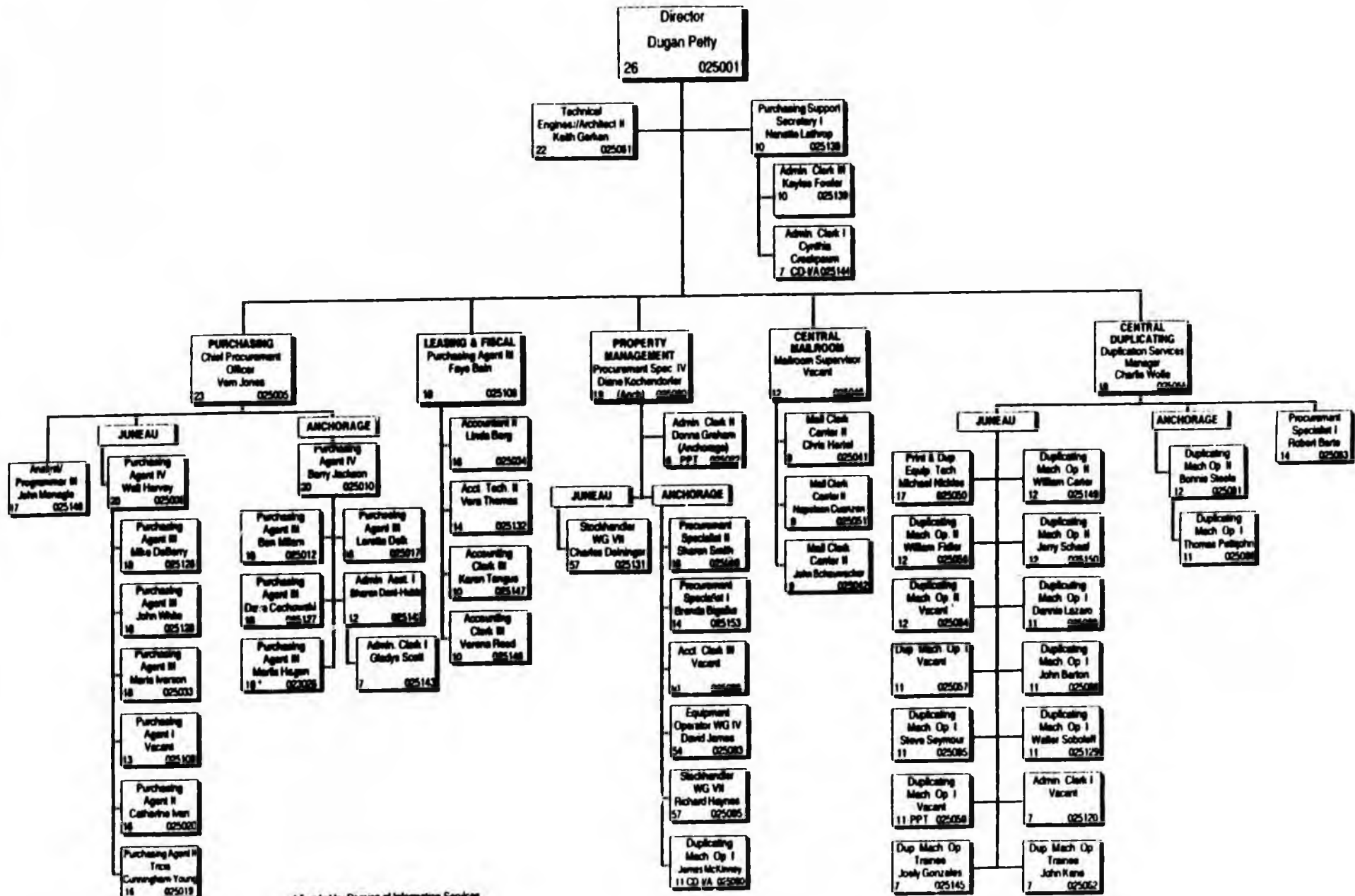
\* Positions in Juneau unless Anchorage indicated

*Beverly Reaume*  
Approved  
12-19-95  
Date

**DEPARTMENT OF ADMINISTRATION  
DIVISION OF FINANCE**



Department of Administration  
 Division of General Services  
 As of November 30, 1995

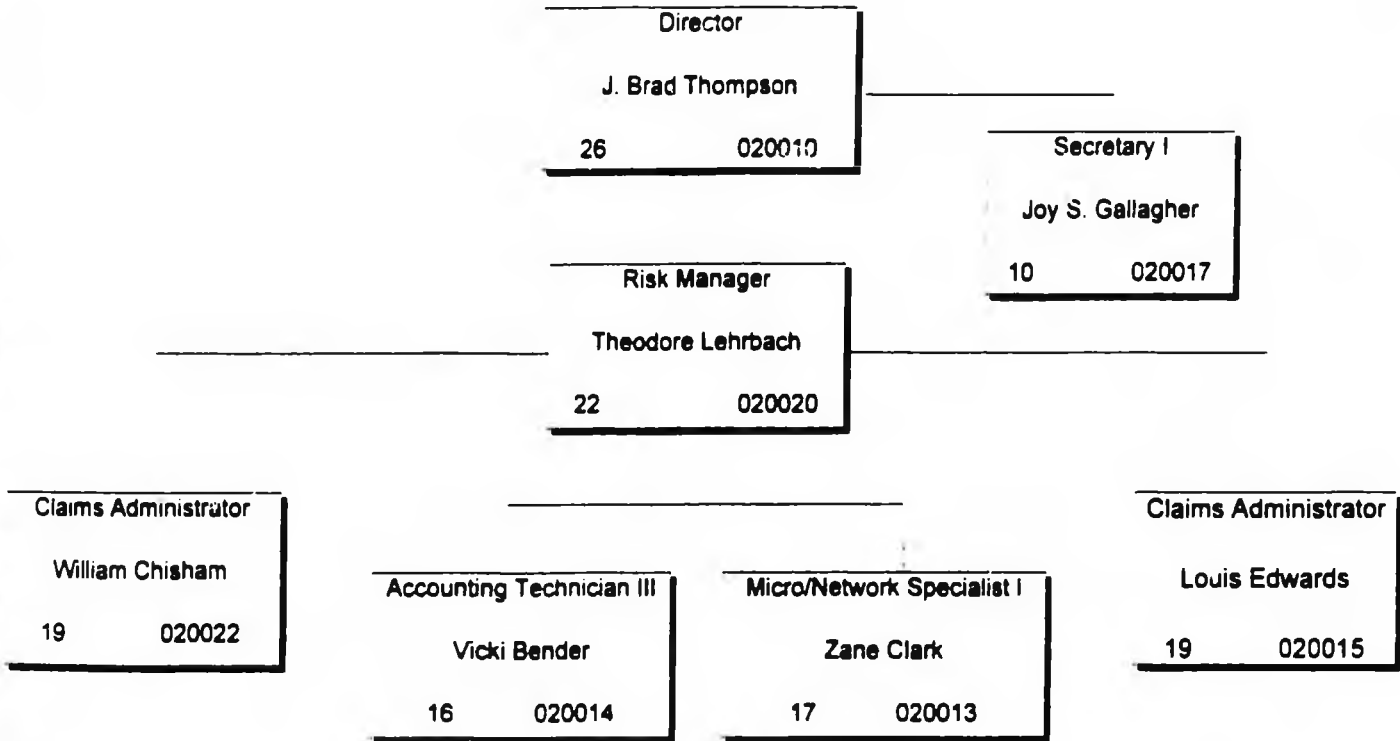


\* Funded by Division of Information Services



**DEPARTMENT OF ADMINISTRATION  
DIVISION OF RISK MANAGEMENT**

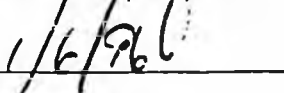
Organization Chart - Juneau



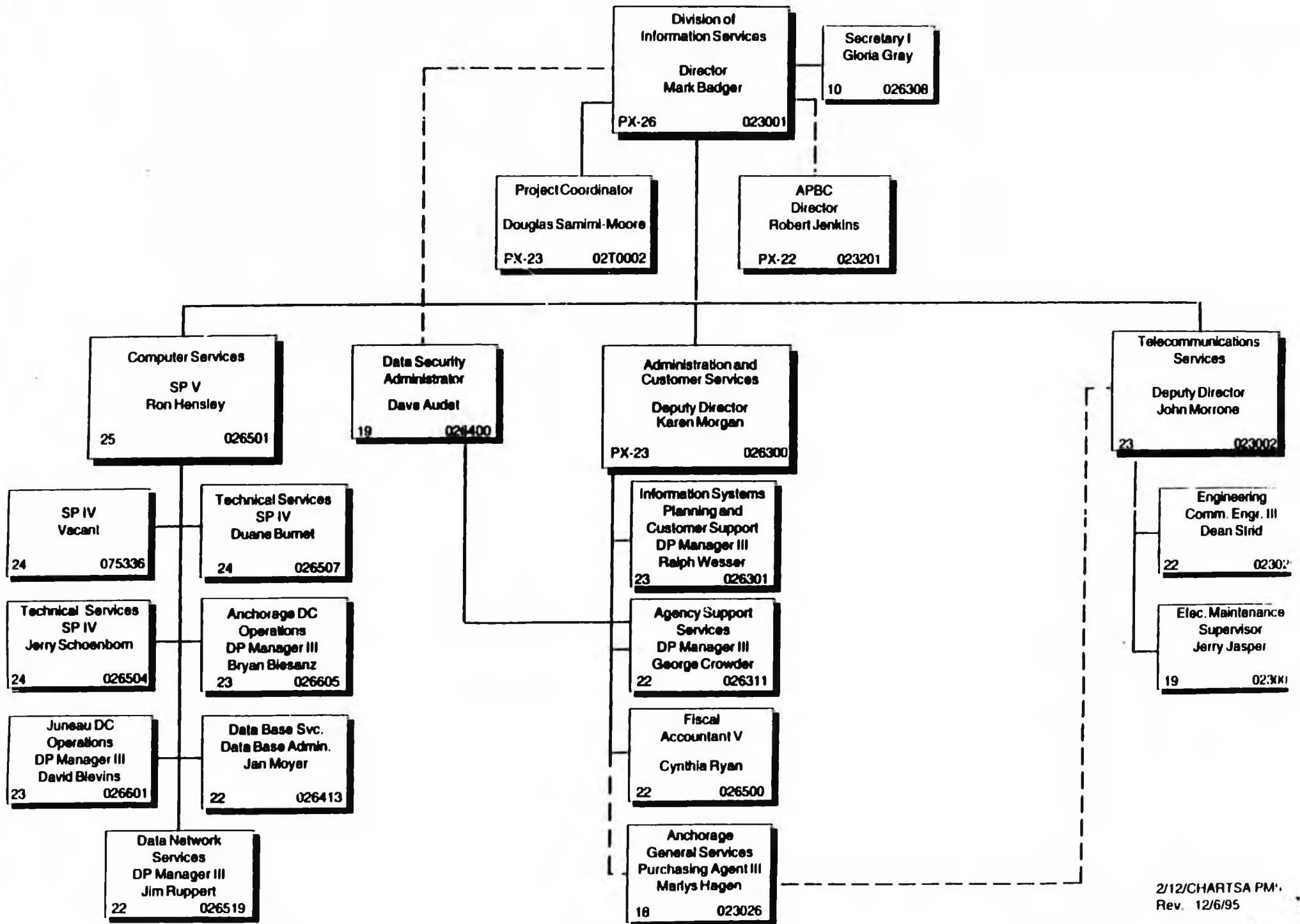
APPROVED

  
\_\_\_\_\_  
J. Brad Thompson, Director

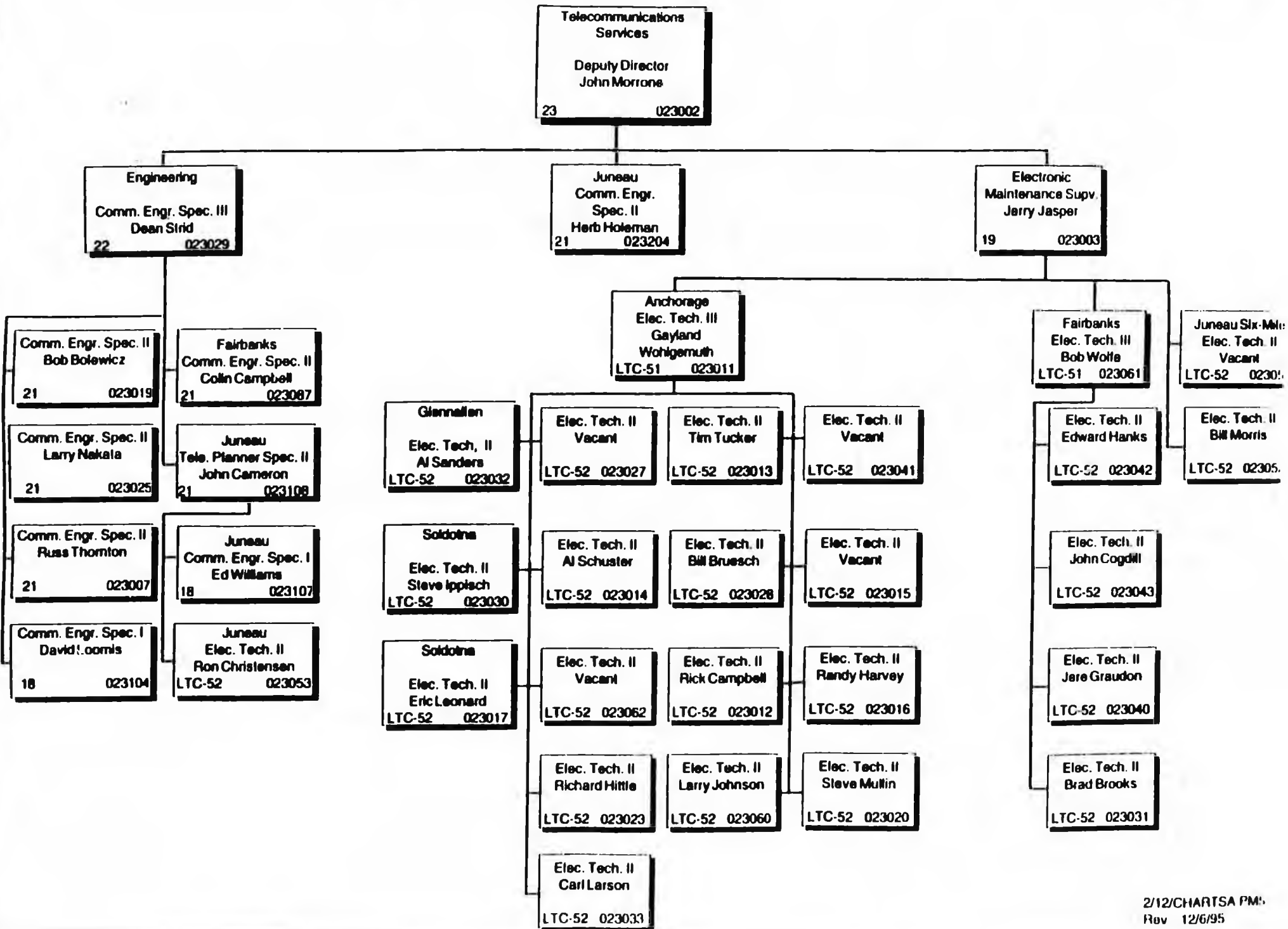
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1/6/96

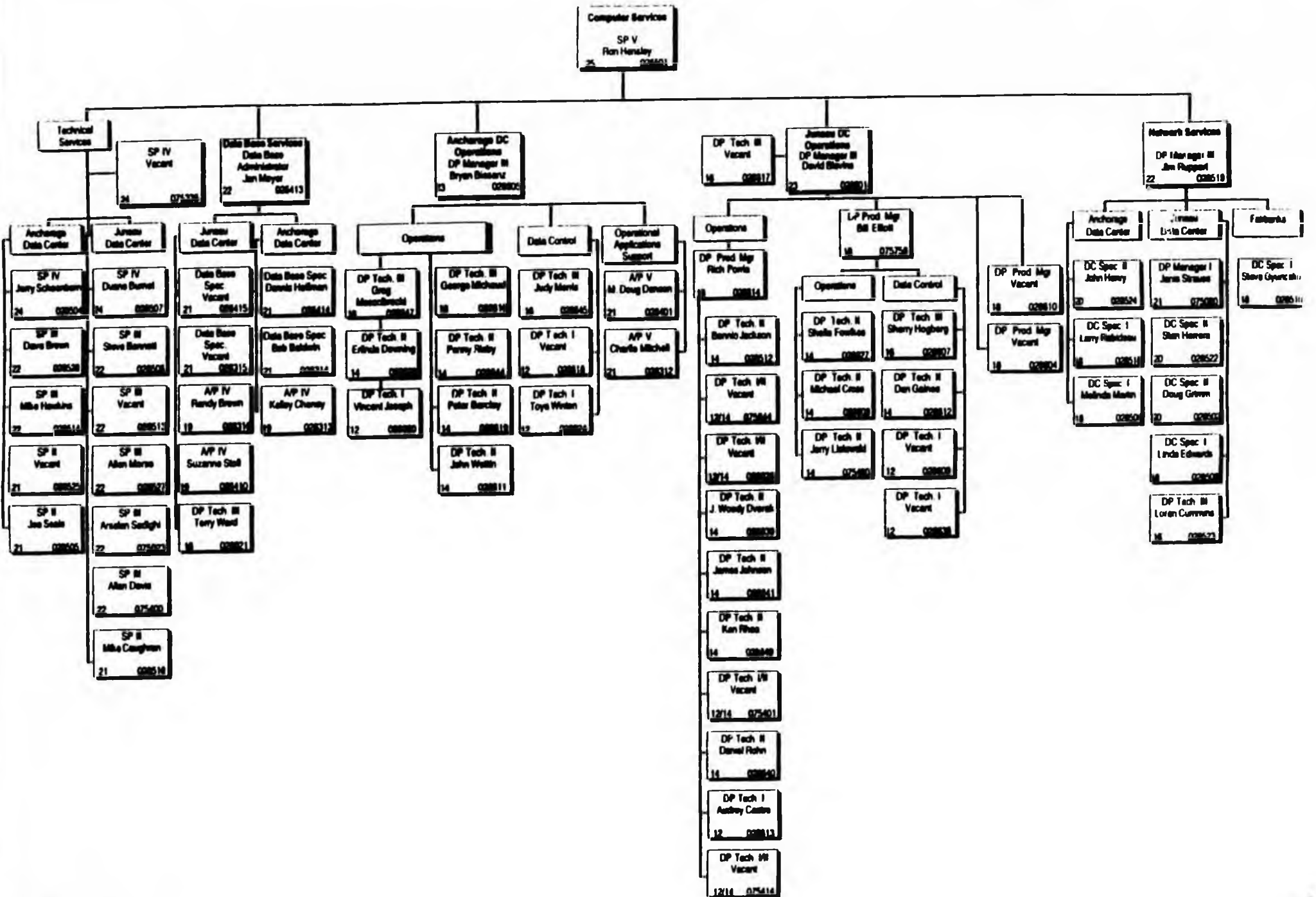
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 Division of Information Services  
 (As of December 6, 1995)



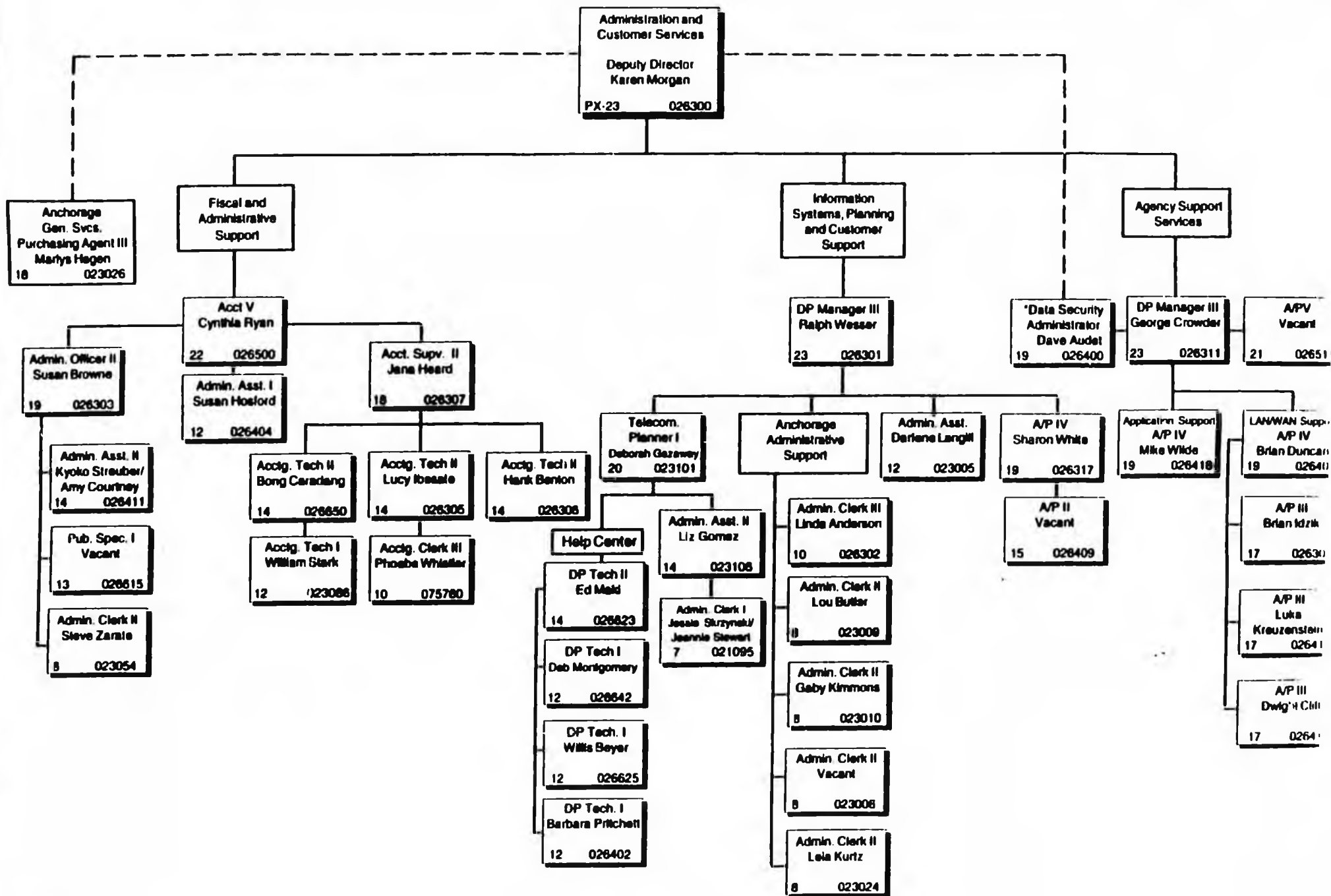
Alaska Department of Administration  
 Division of Information Services  
 (As of December 6, 1995)



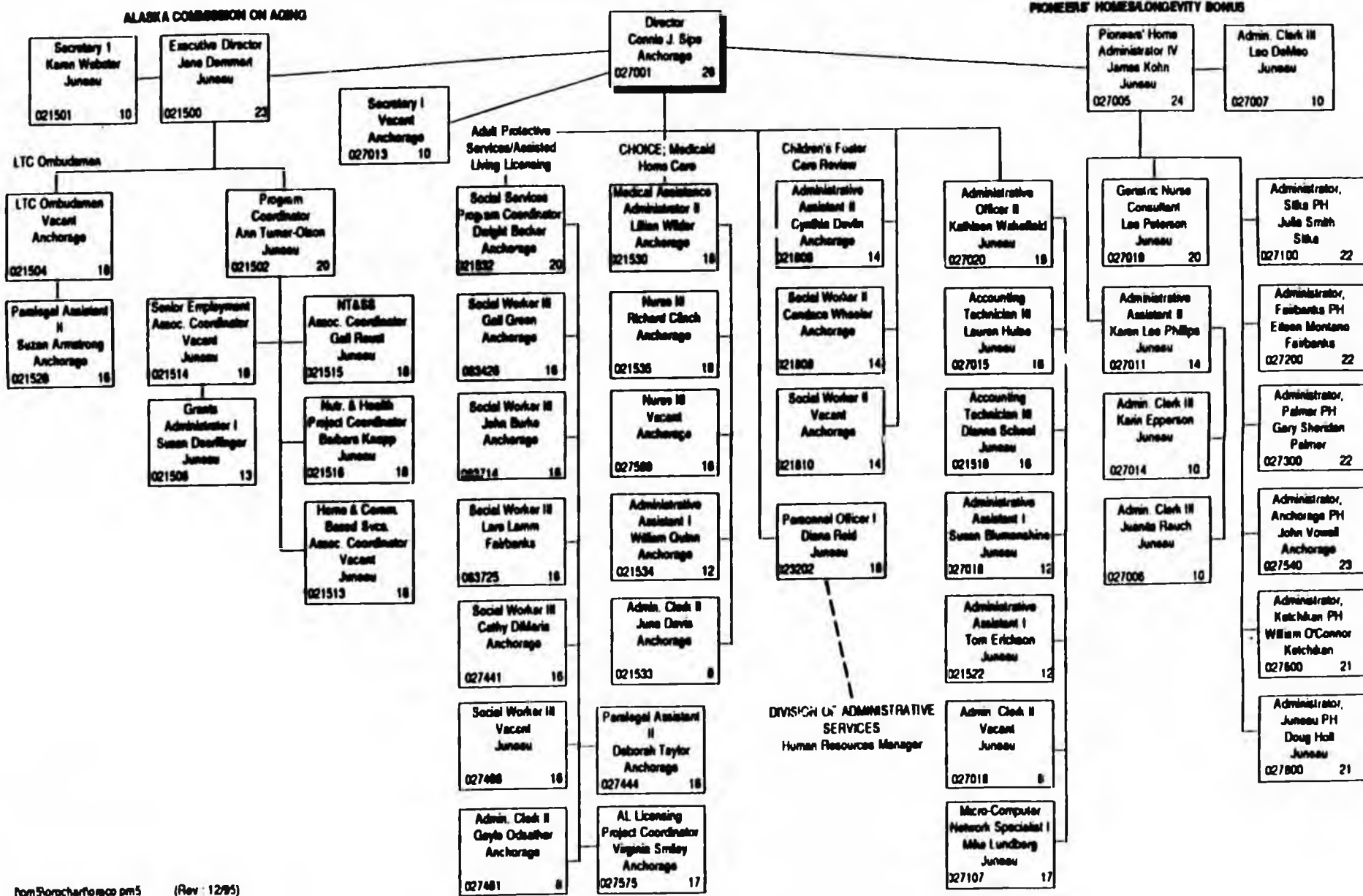
Department Administration  
 Division of Information Services  
 (As of December 6, 1995)



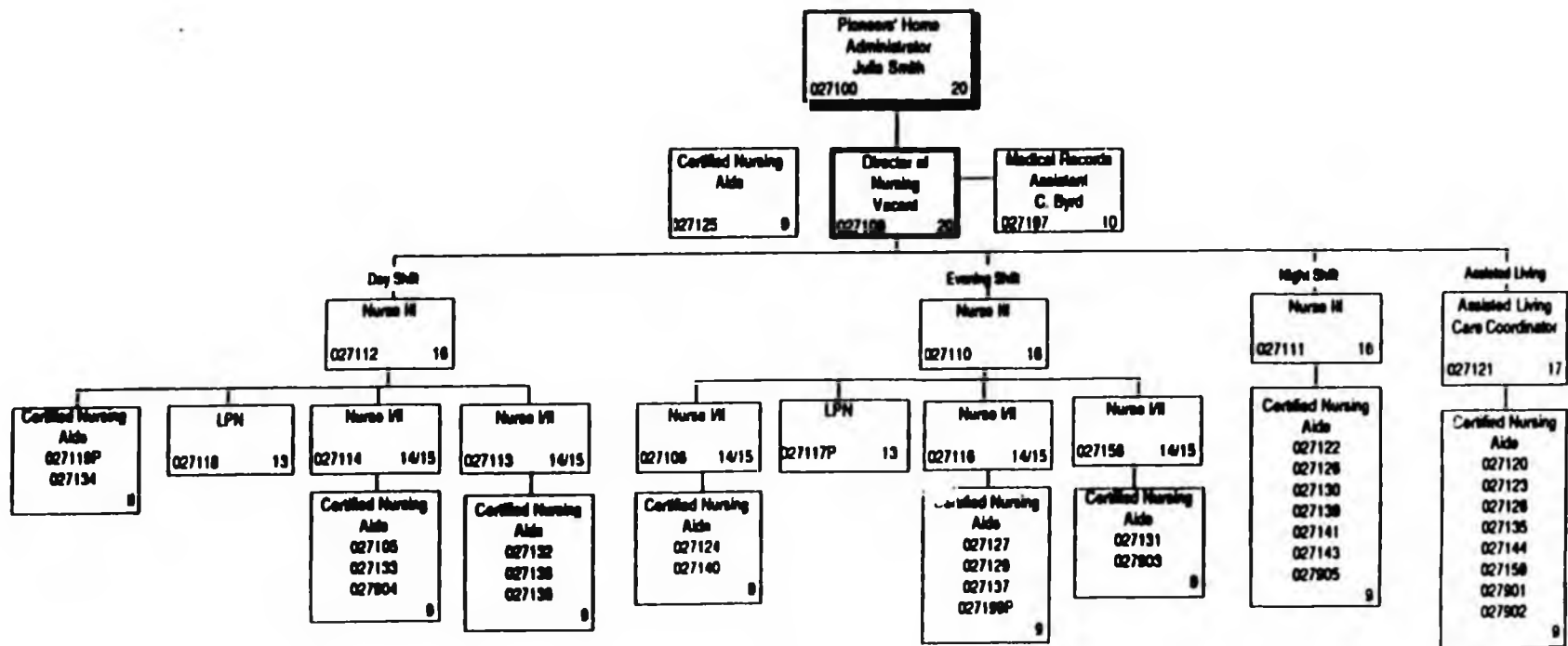
Alaska Department of Administration  
 Division of Information Services  
 (As of December 8, 1995)



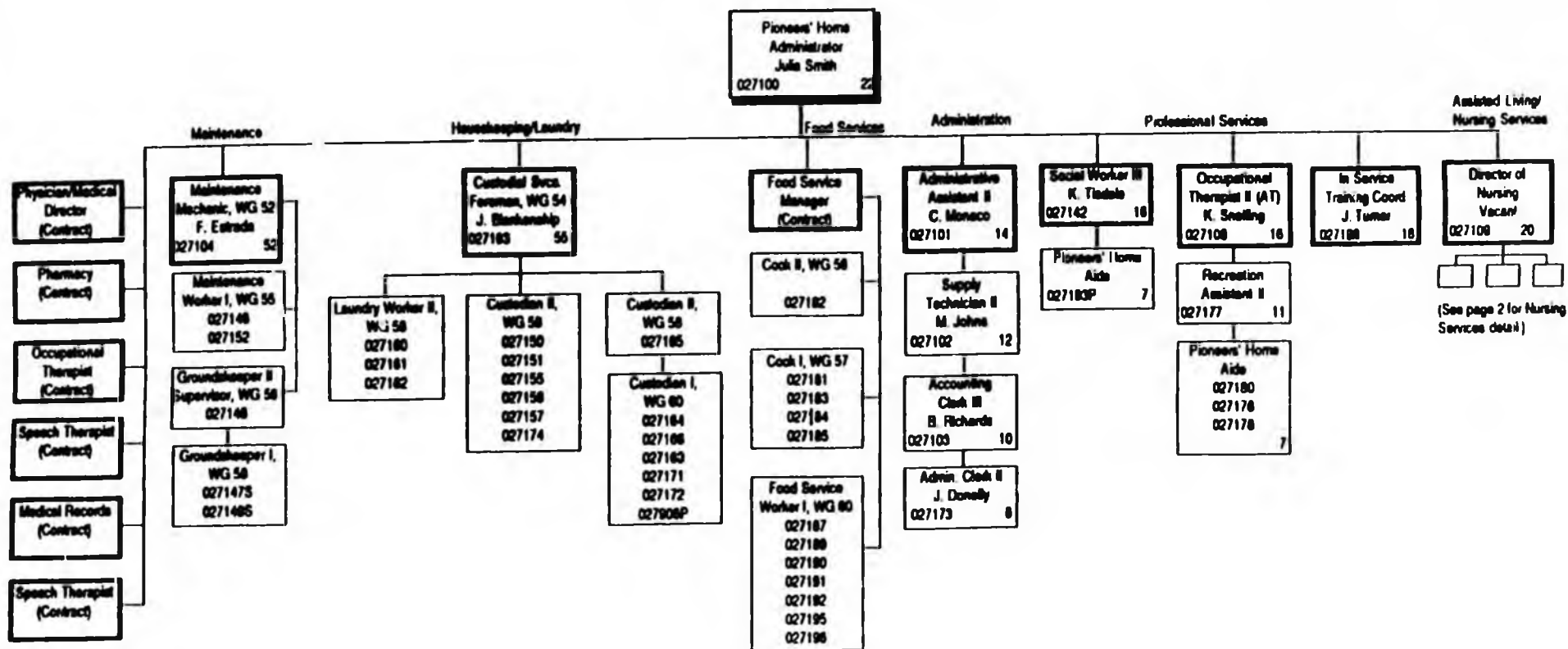
# Department of Administration Division of Senior Services Senior Services Administration



**Department of Administration**  
**Division of Senior Services**  
**Sifka Pioneers' Home**  
**Nursing Services**

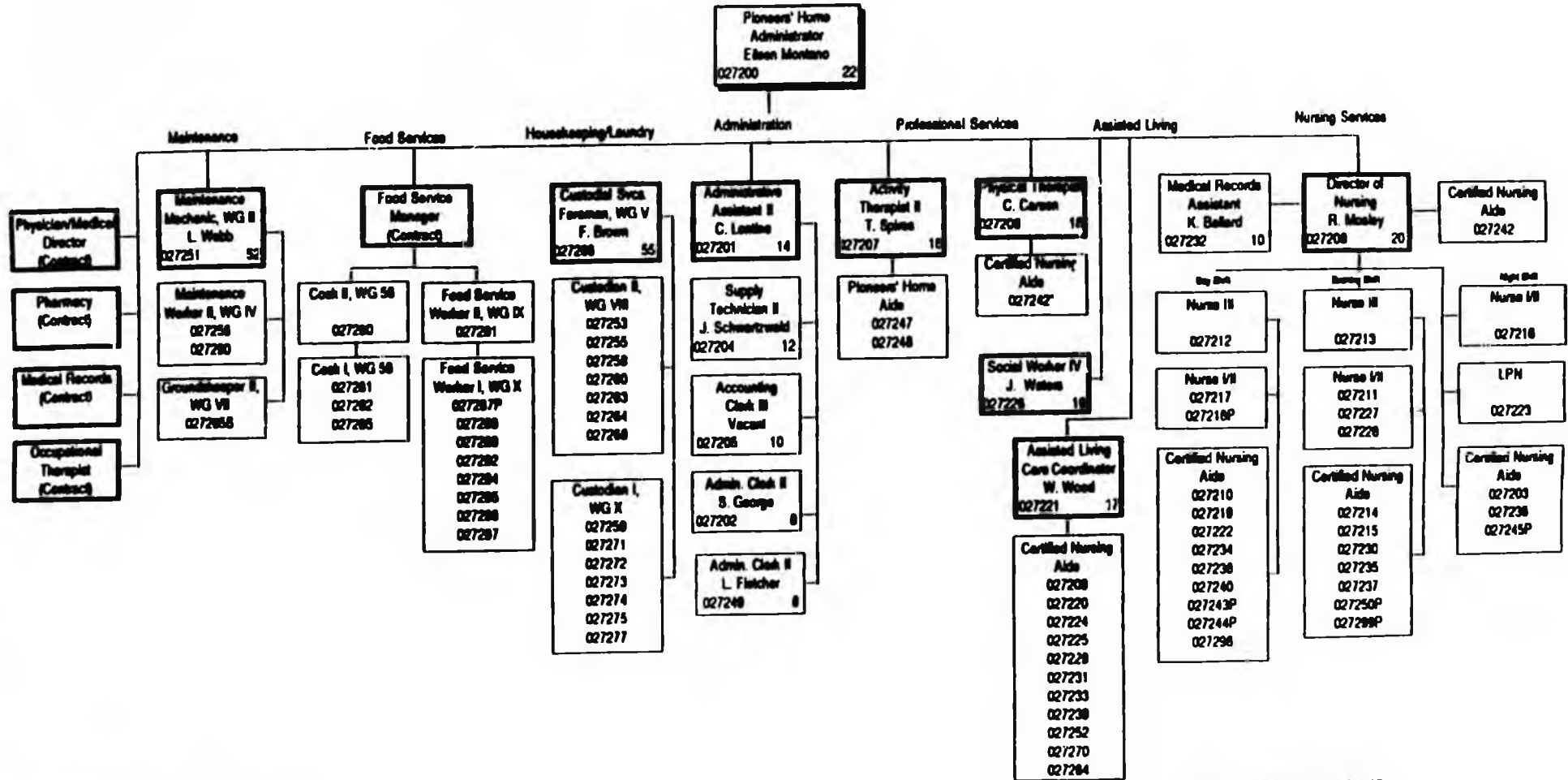


**Department of Administration  
Division of Senior Services  
Sitka Pioneers' Home**

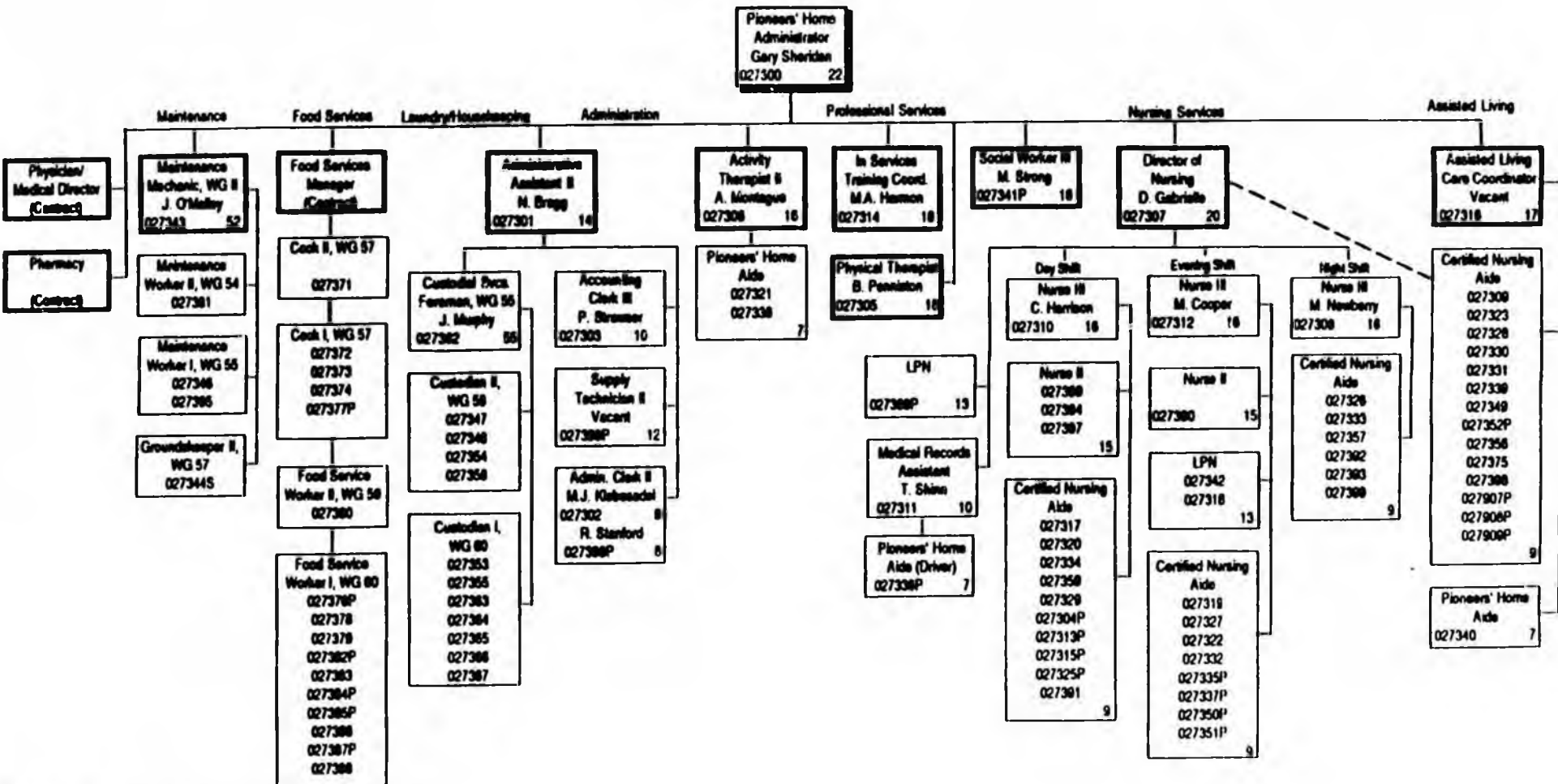


(See page 2 for Nursing Services detail)

**Department of Administration  
Division of Senior Services  
Fairbanks Pioneers' Home**



**Department of Administration  
Division of Senior Services  
Palmer Pioneers' Home**



Department of Administration  
 Division of Senior Services  
 Anchorage Pioneers' Home

Assisted Living/Nursing Section

Pioneers' Home  
 Administrator  
 John Vowell  
 027540 23

Nursing Services

Assisted Living Services

Director of  
 Nursing  
 N. Boorn  
 027408 26

Assisted  
 Living Coordinator  
 L. Wilko  
 027485 17

Nurse III  
 027578 18

Nurse IV  
 027488 18

Nurse III  
 025777 18

Nurse III  
 027411 18

Day Shift  
 Nurse VII  
 027410  
 027415  
 027543  
 14/15

Certified Nursing  
 Aide  
 027425  
 027431  
 027438  
 027440  
 027482P  
 027483P  
 027484P  
 027478  
 027503  
 027561  
 027563  
 027565  
 027566  
 8

Evening Shift  
 Nurse VII  
 027488  
 027488P  
 027578  
 11/4/5

LPN  
 027421  
 027487P  
 027581  
 13

Certified Nursing  
 Aide  
 027428  
 027429  
 027439  
 027437  
 027478P  
 027484P  
 027487  
 027488  
 027567  
 027588  
 027587  
 9

Night Shift  
 Nurse VII  
 027413  
 027541  
 14/15

LPN  
 027488  
 13

Certified Nursing  
 Aide  
 027430  
 027458P  
 027548  
 027568  
 027582  
 027585  
 027584  
 9

Day Shift  
 Nurse VII  
 027412  
 027545  
 14/15

LPN  
 027416  
 027417  
 027420  
 027544  
 027549  
 13

Certified Nursing  
 Aide  
 027425  
 027427  
 027434  
 027438  
 027443  
 027455  
 027488  
 027548  
 027560  
 027562  
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 027581  
 8

Evening Shift  
 Nurse VII  
 027414  
 027580  
 14/15

LPN  
 027547  
 13

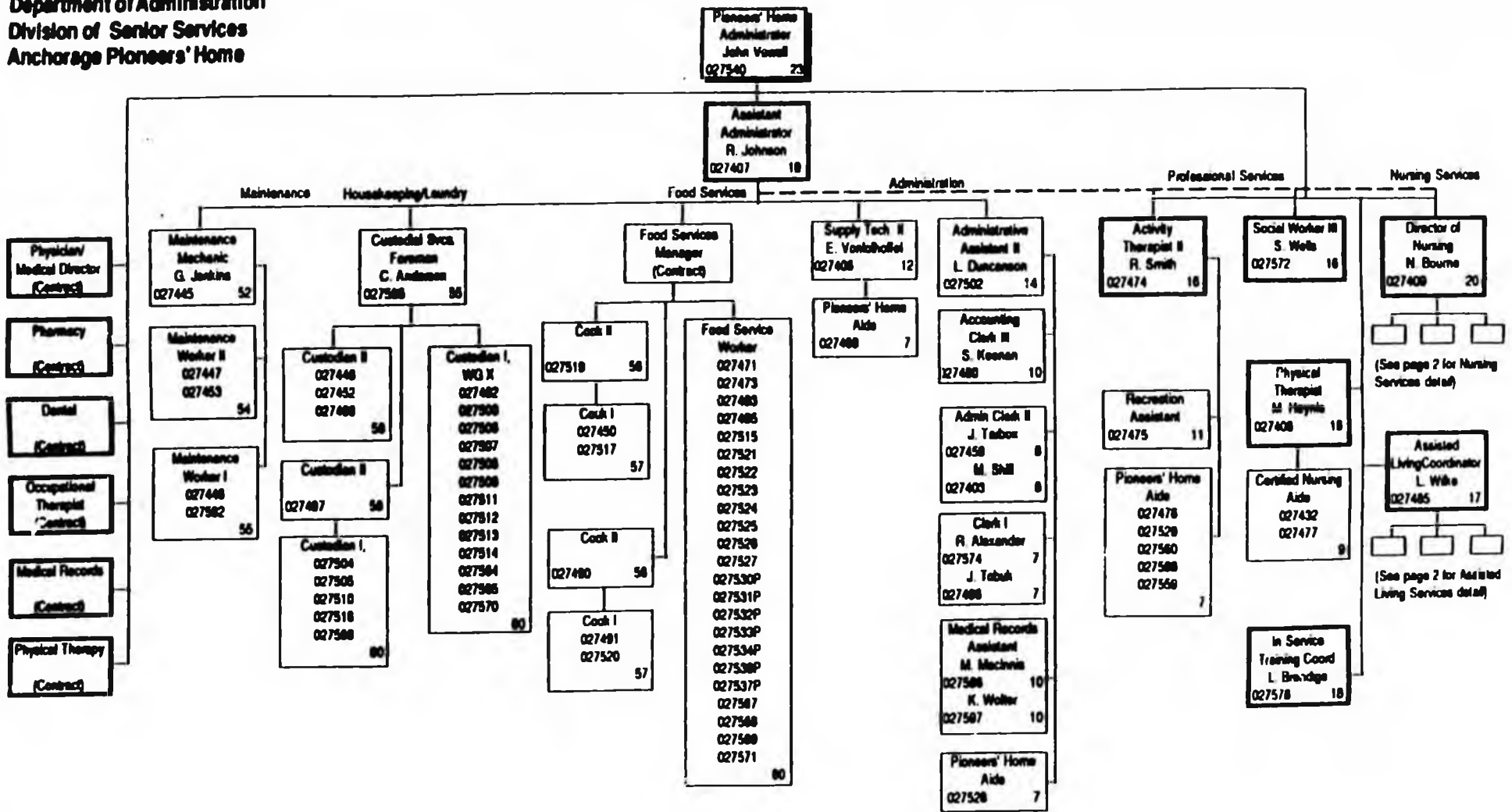
Certified Nursing  
 Aide  
 027405  
 027422  
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 027554  
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 027584  
 027582  
 9

Night Shift  
 Nurse VII  
 027542  
 14/15

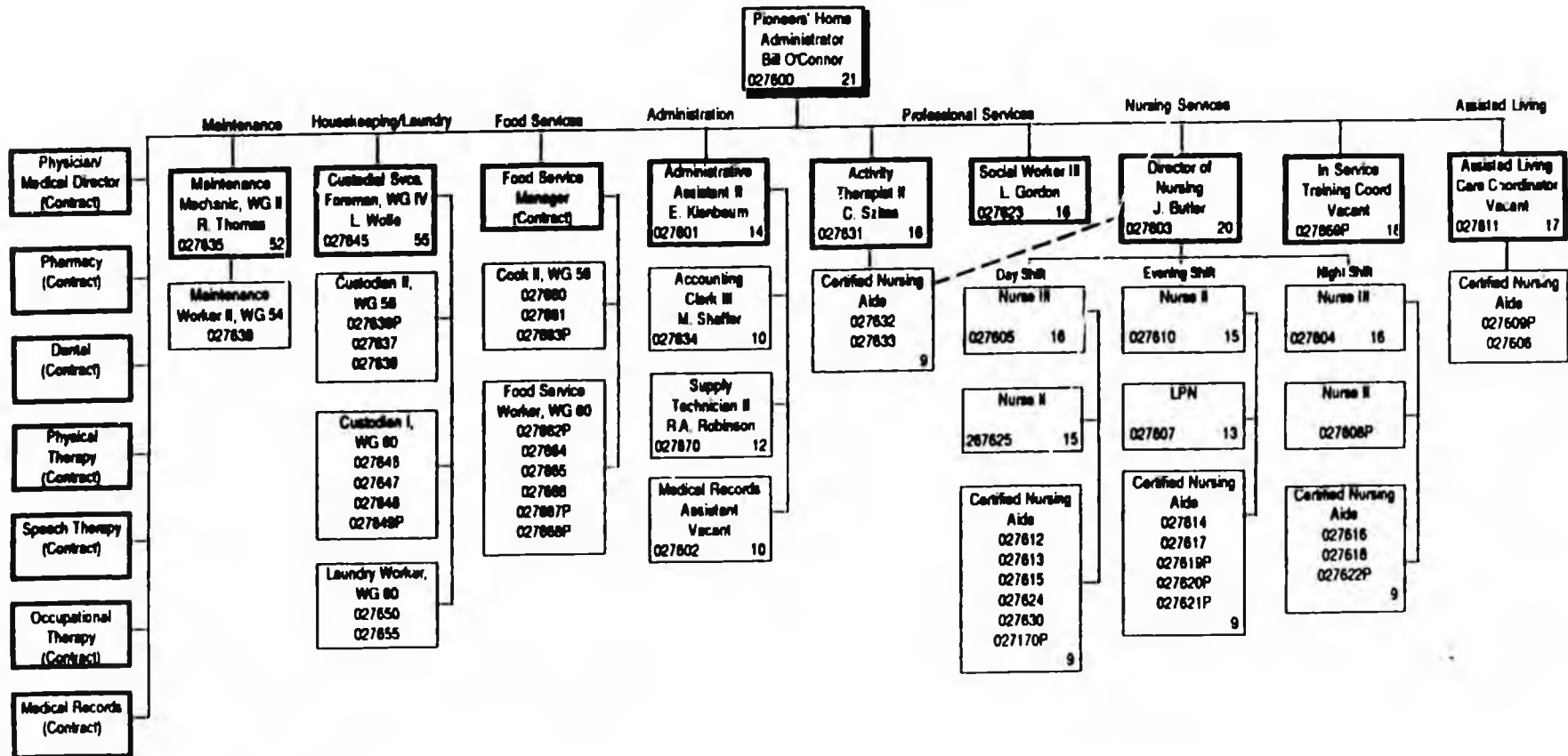
LPN  
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 13

Certified Nursing  
 Aide  
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 027483P  
 027588  
 027580  
 9

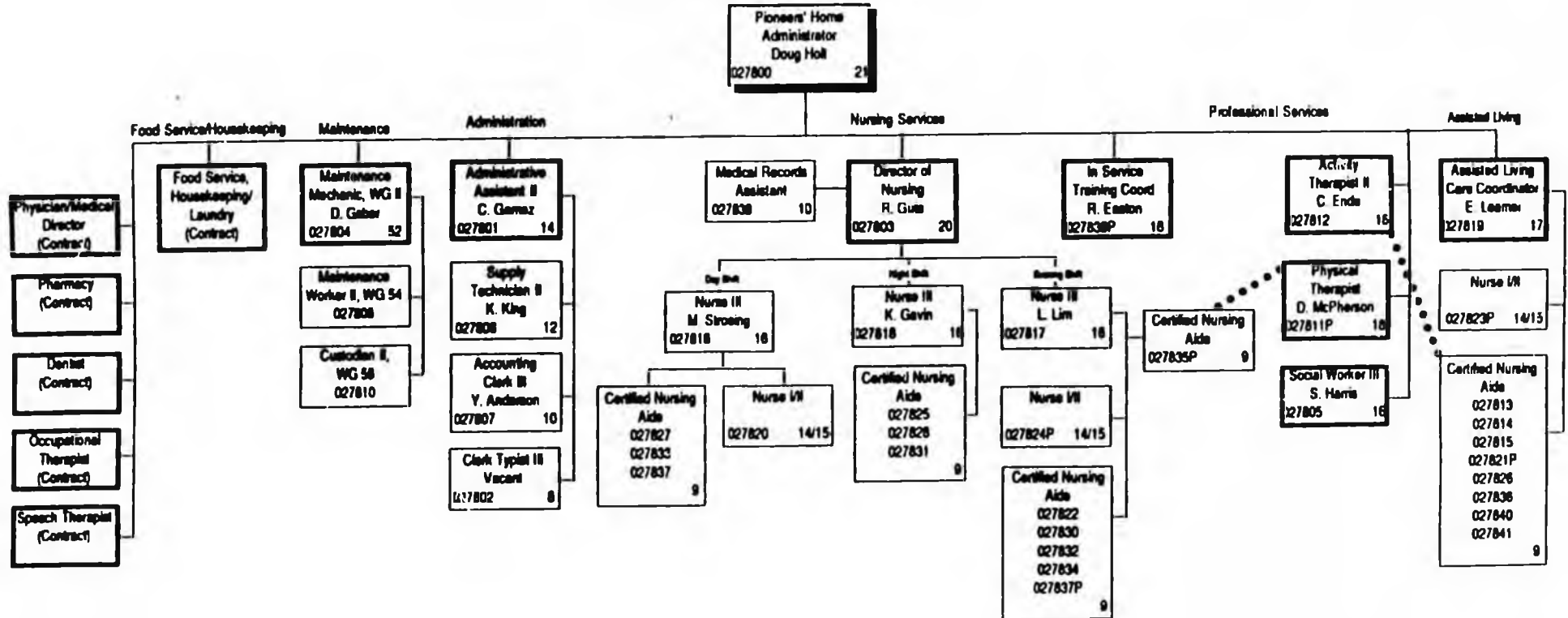
Department of Administration  
 Division of Senior Services  
 Anchorage Pioneers' Home



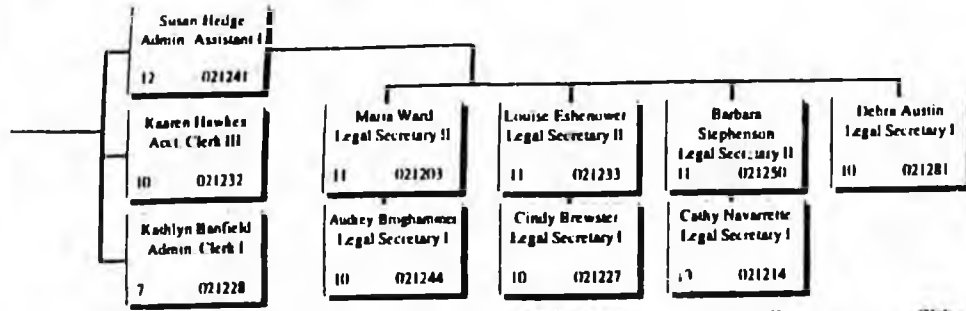
**Department of Administration  
Division of Senior Services  
Ketchikan Pioneers' Home**



**Department of Administration  
Division of Senior Services  
Juneau Pioneers' Home**



..... Position shared by both departments



**Juneau**

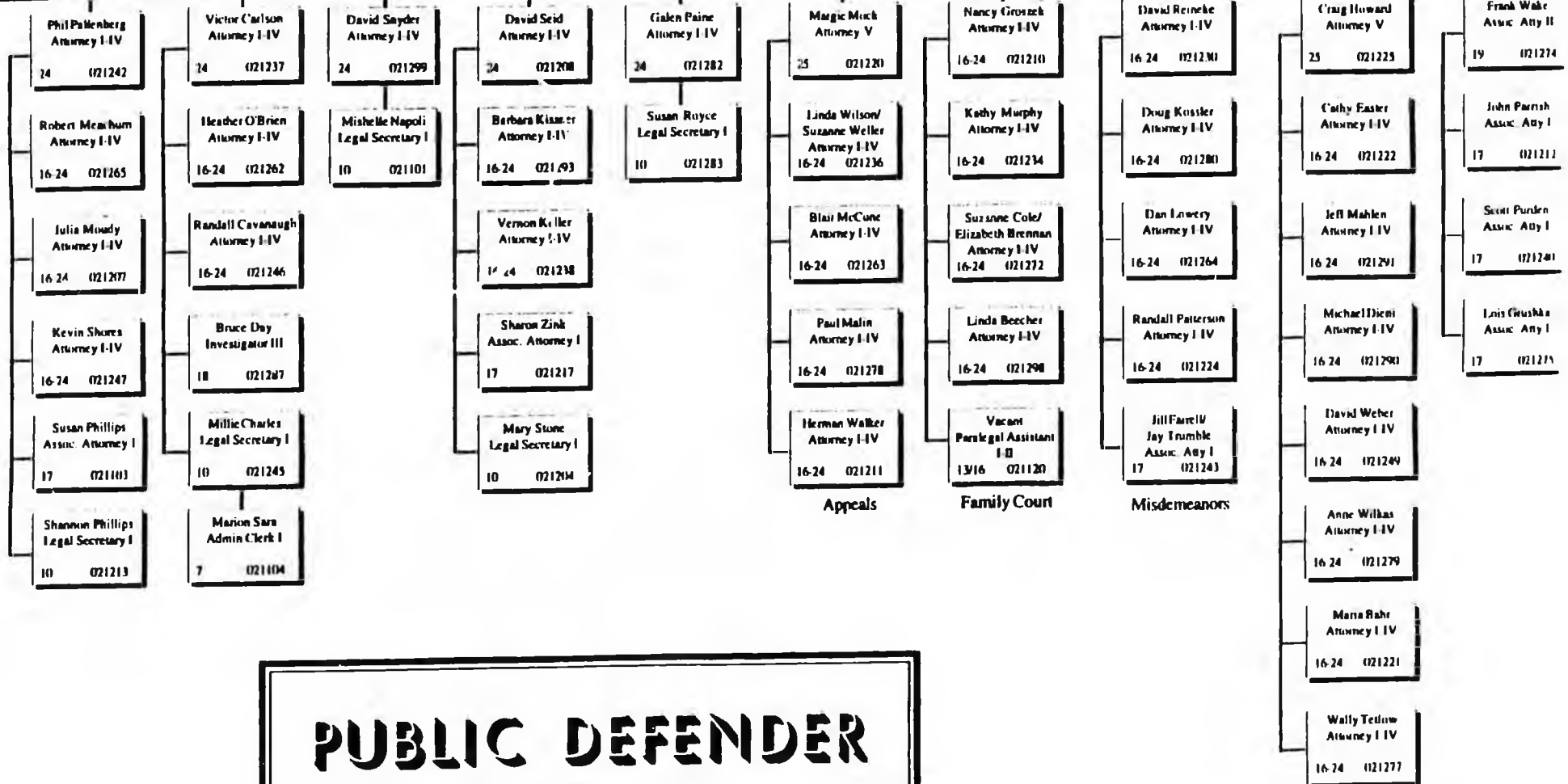
**Bethel**

**Dillingham**

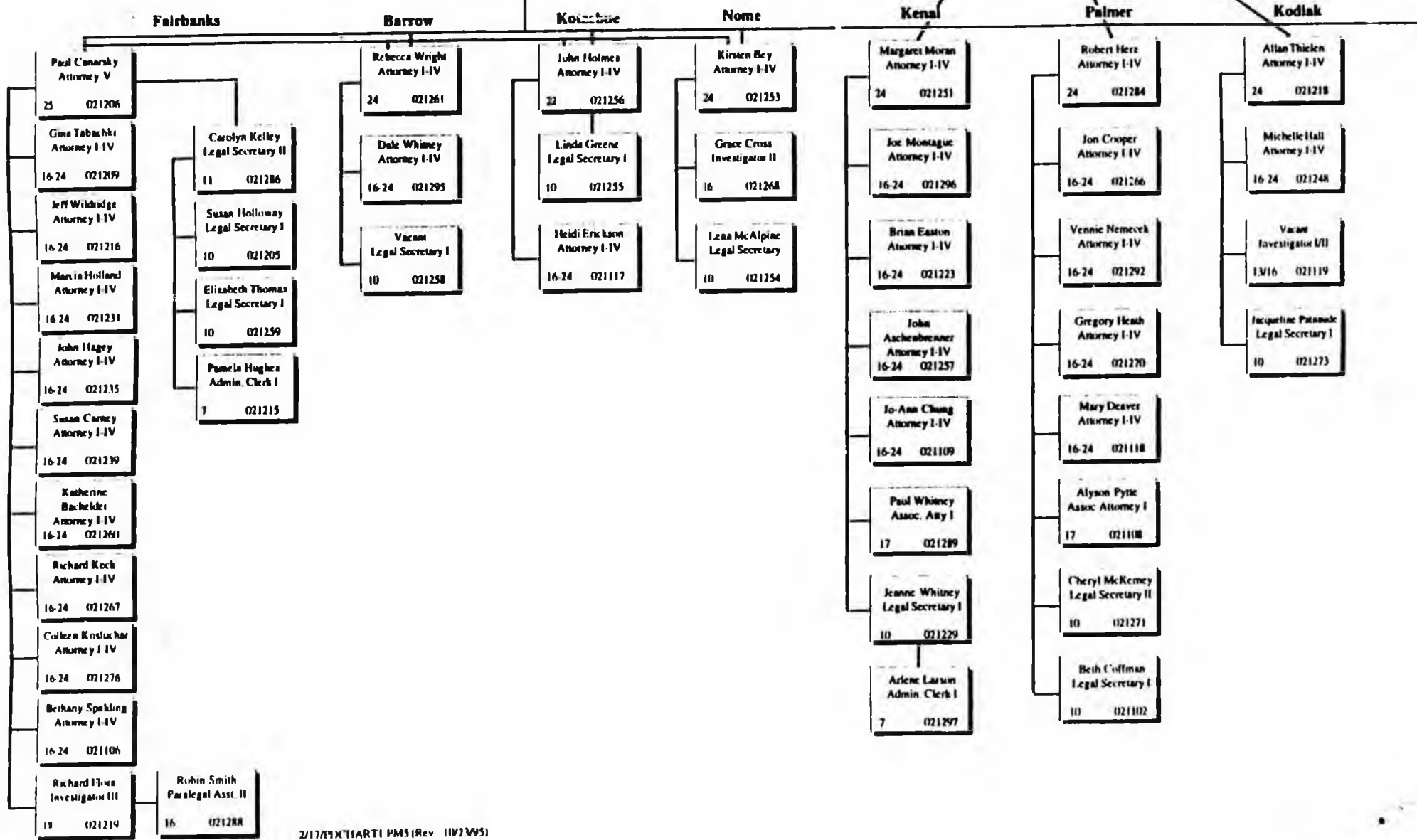
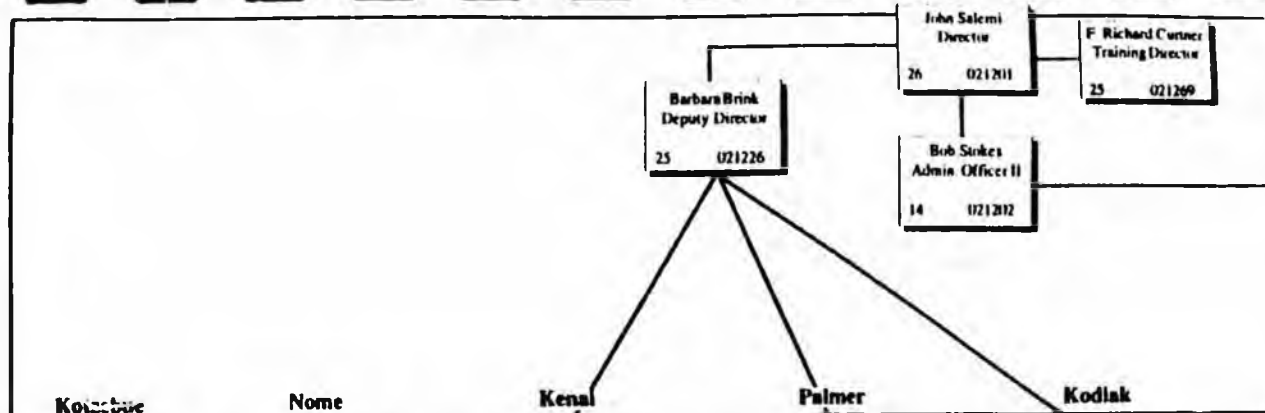
**Ketchikan**

**Sitka**

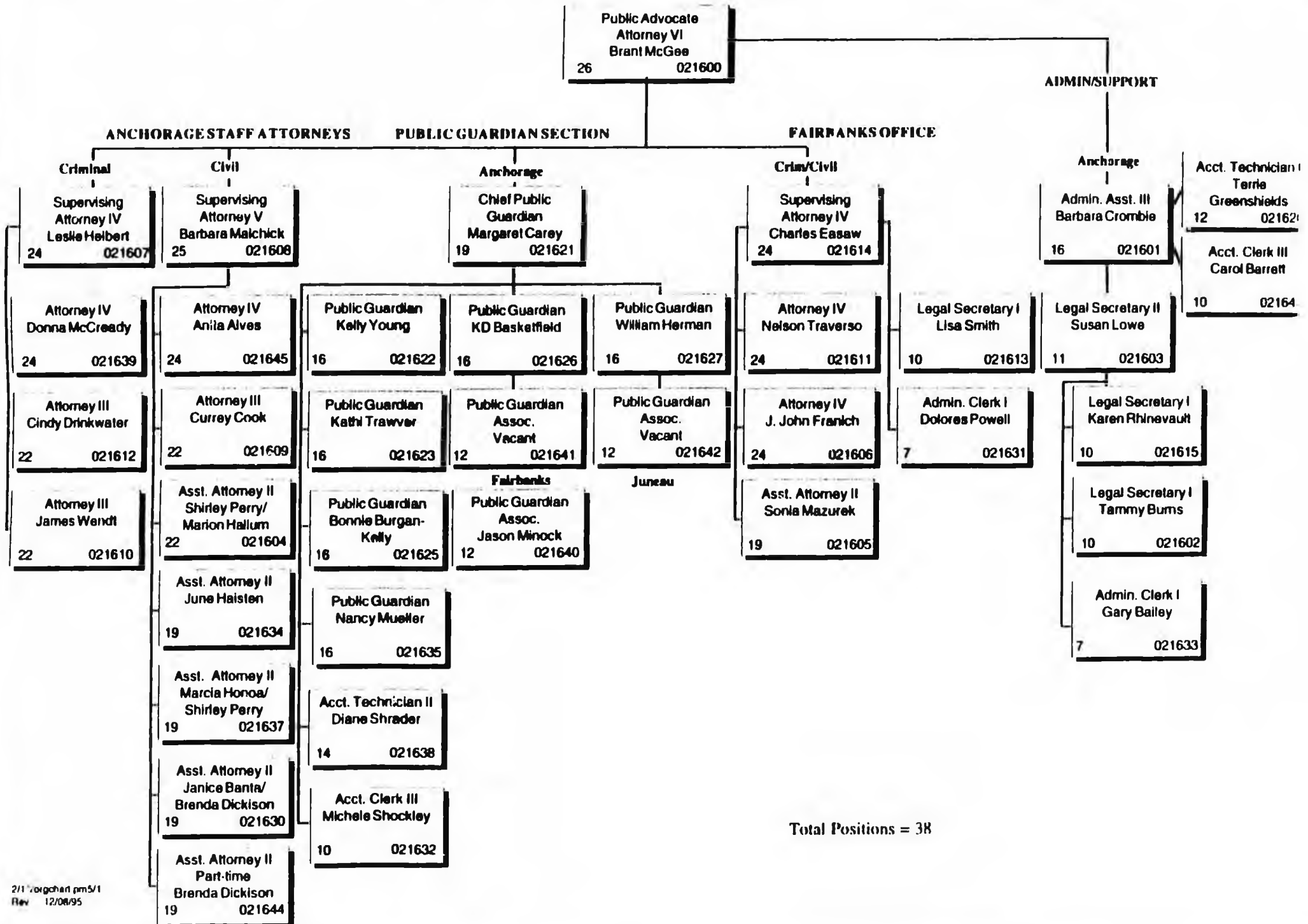
**Anchorage**



**PUBLIC DEFENDER  
AGENCY**

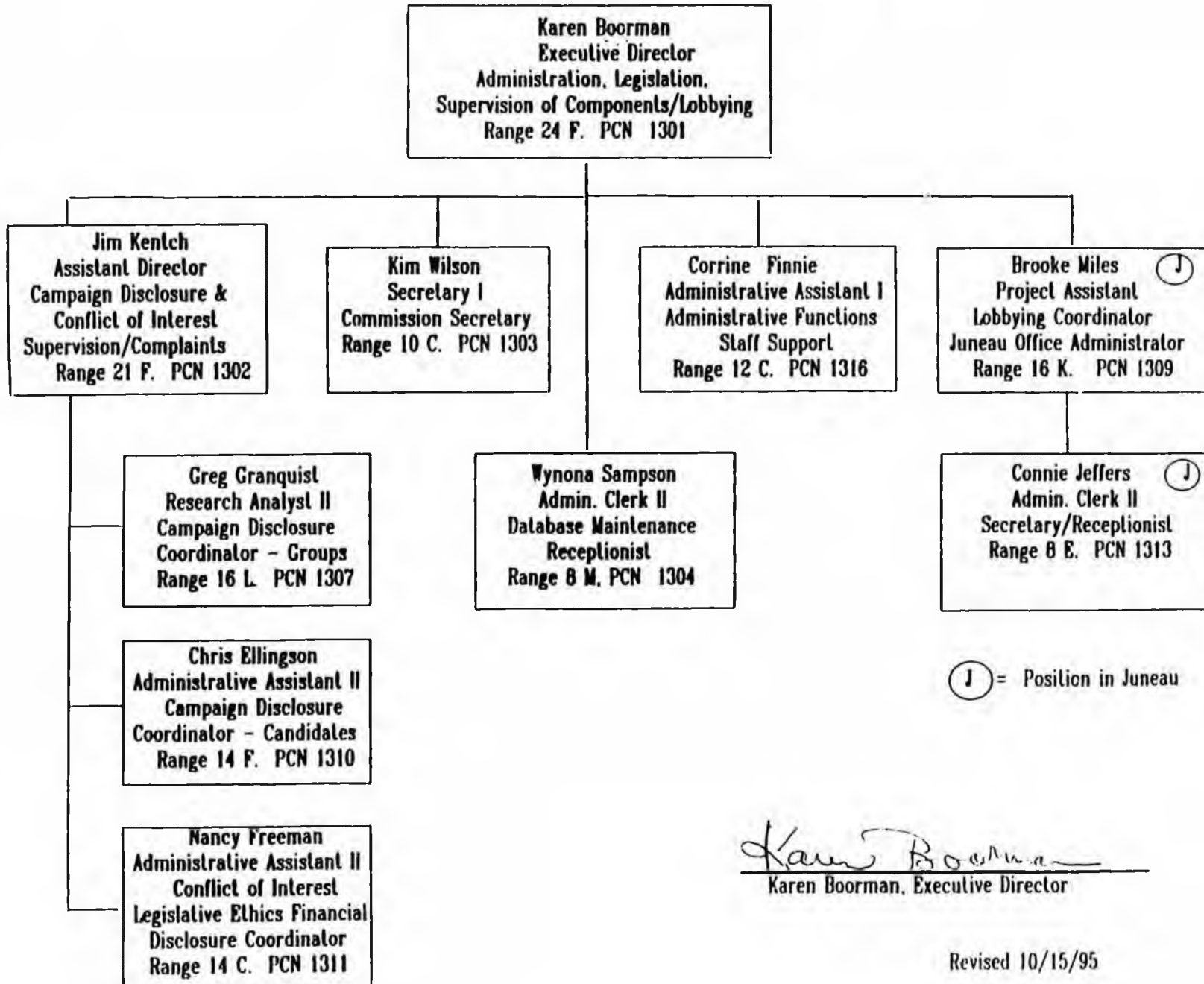


**DEPARTMENT OF ADMINISTRATION  
OFFICE OF PUBLIC ADVOCACY**

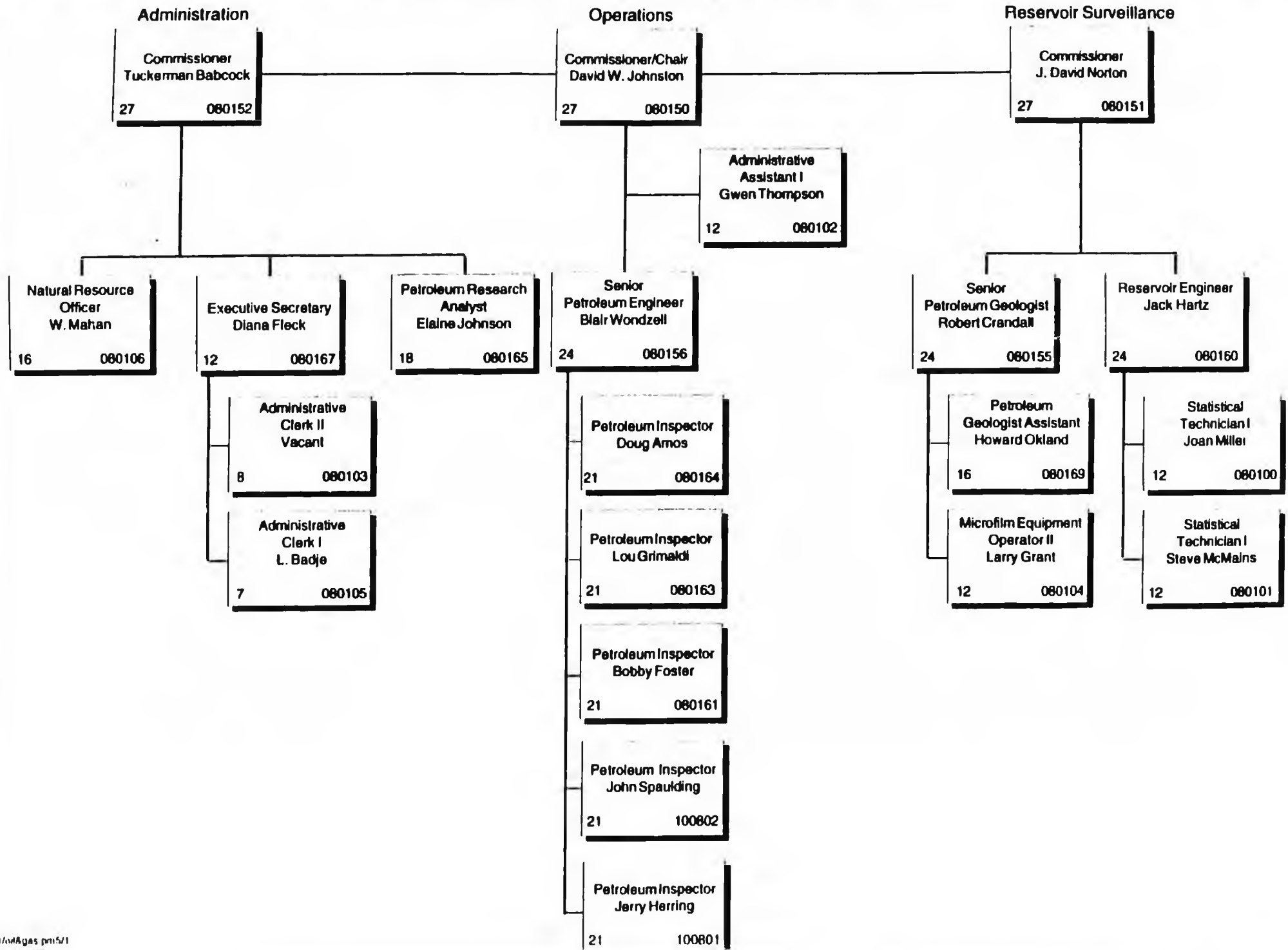


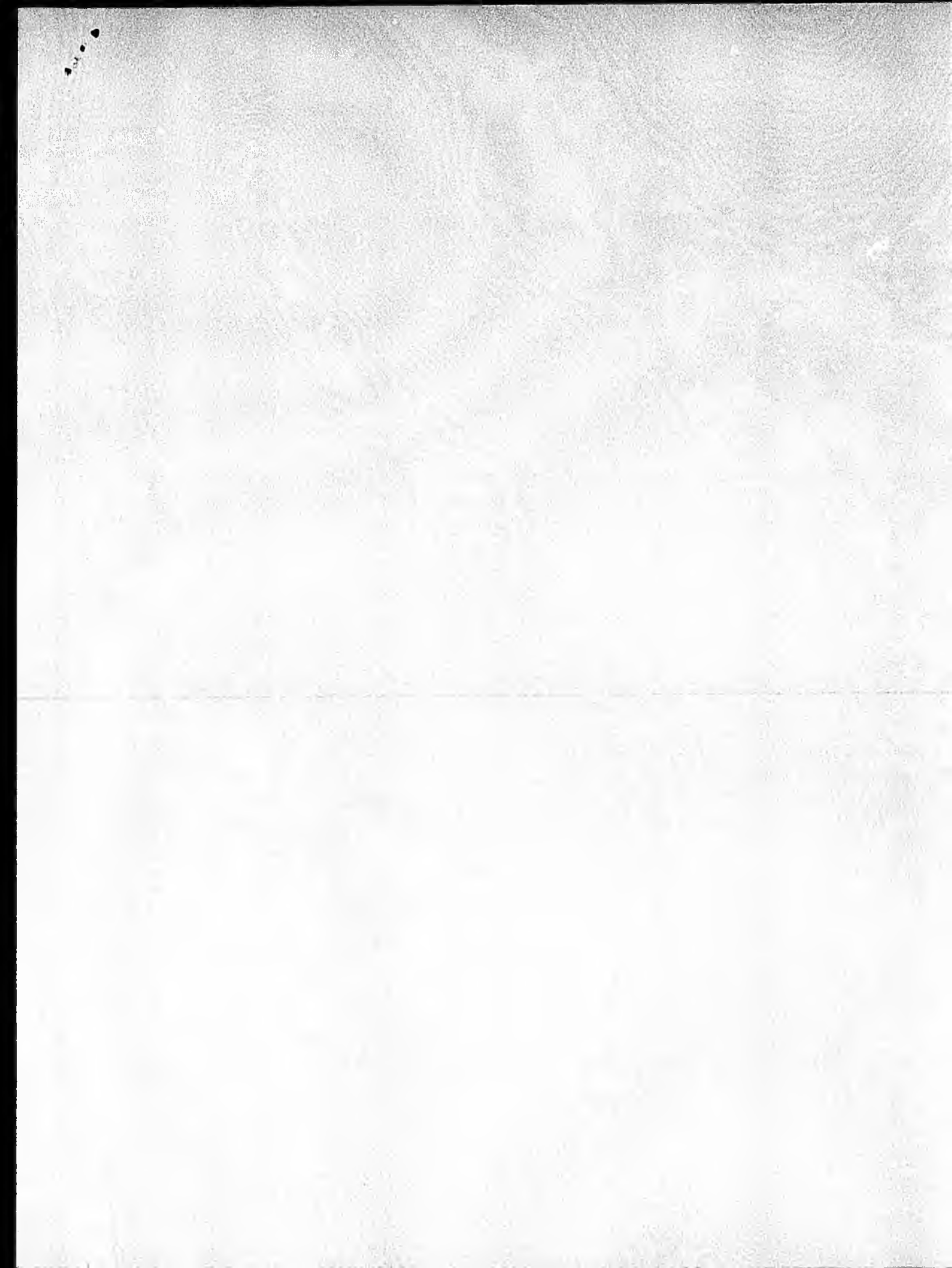
DEPARTMENT OF ADMINISTRATION

ALASKA PUBLIC OFFICES COMMISSION



**DEPARTMENT OF ADMINISTRATION  
ALASKA OIL AND GAS CONSERVATION COMMISSION**





Attachment #

1/22/96

**Budget  
Overview**

**FY 97**

**Agency Request**

**Alaska Department of**

**REVENUE**

**January**

**1996**

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## What does this Publication Provide?

The Department of Revenue submitted a detailed budget request through the Governor's Office of Management and Budget. This publication summarizes the Governor's budget request for the department; it highlights program and budget changes from prior years; it provides a quick reference for individual program budgets.

Section 1 summarizes the department's organization and budget. It provides (1) information on what the department does; (2) a summary of the agencies that are administratively attached to the department; and (3) a listing of the boards and commissions that the Commissioner, or the Commissioner's representative, sits on.

Section 2 provides information on the eight components of the department's operations:

- Income and Excise Audit Division
- Oil and Gas Audit Division
- Treasury Division
- Child Support Enforcement Division
- Permanent Fund Dividend Division
- Charitable Gaming Division
- Administrative Services Division
- Commissioner's Office

For each component, we provide (1) an organization chart, (2) a brief description of the programs and responsibilities, (3) a summary of the important issues facing each division and (4) a summary of past appropriations and the Governor's FY97 budget request. At the end of the section, we summarize the statutory authority for each component.

Section 3 provides information on Shared Taxes.

Section 4 provides information on the six boards and authorities that are attached to the Department for administrative purposes. Again, for each board or authority, we provide an organization chart, a brief description of the programs and responsibilities, and a summary of past appropriations and the Governor's FY97 budget request. At the end of the section, we summarize the statutory authority for each section.

Section 5 gives a summary of the Governor's five year capital budget request for the department and associated boards and authorities.

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**Section 1.**

# **Agency Overview**

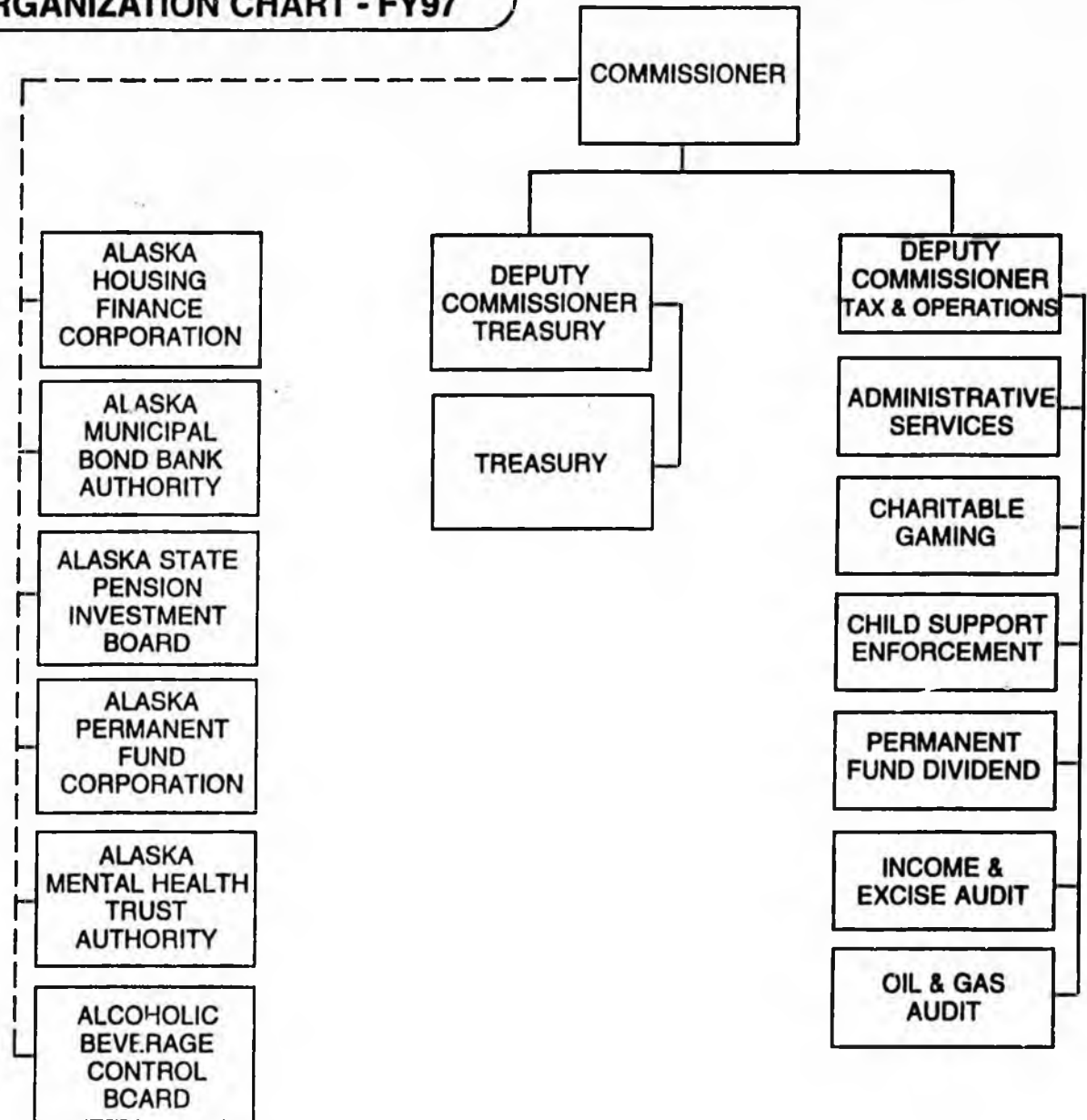
**Alaska Department of  
REVENUE**

**January**

**1996**



**State of Alaska  
DEPARTMENT OF REVENUE  
ORGANIZATION CHART - FY97**



**DEPARTMENT  
PROPOSED ORGANIZATION CHART - FY 97**

TOTAL	ANCH	FBKS	JNU	SEA	OTHER
PFT	214	3	145	9	
PPT(Seasonal)	5		8		
TEMP	16		62		

UNIT	HEADQUARTERS	FIELD OFFICES
Inc. & Excise Audit	Juneau	Anch/Sea
Oil & Gas Audit	Anchorage	
Treasury	Juneau	
Child Support Encf.	Anchorage	Fbks/Jnu
Perm. Fund Dividend	Juneau	Anch
Charitable Gaming	Juneau	Anch/Fbks
Admin. Svcs.	Juneau	
Commissioner	Juneau	

**BOARDS/CORPORATIONS/AUTHORITIES  
PROPOSED ORGANIZATION CHART - FY 97**

TOTAL	ANCH	FBKS	JNU	SEA	OTHER
PFT	274	11	38		34
PPT	15	4	3		21
TEMP	8	2	2		3

UNIT	HEADQUARTERS	FIELD OFFICES
AK Hous. Fin. Corp.	Anchorage	Fbks/Dillingham/ Bethel/Nome/Kotz
AK Mun. Bond Bank	Anchorage	
AK State Pension Inv.	Juneau	
AK Perm. Fund Corp.	Juneau	
AK Ment. Health Trust	Anchorage	
ABC Board	Anchorage	

## Department of Revenue FY97 Budget Overview

### Agency Overview

The Department of Revenue has responsibility for:

- Collecting the correct tax due to the State
- Forecasting State general fund unrestricted revenues
- Investing the State's revenues
- Managing cash payments to the State and the State's debt
- Administering the Permanent Fund Dividend program
- Enforcing child support obligations
- Overseeing charitable gaming activities in the state
- Providing staff support for the Alaska State Pension Investment Board
- Providing administrative support for the Alcoholic Beverage Control Board, the Alaska Permanent Fund Corporation, the Alaska Housing Finance Corporation, the Alaska Mental Health Trust Authority, and the Alaska Municipal Bond Bank Authority

In the face of the demands of the fiscal gap, we are continuing to evaluate each of the operating divisions within the department. As we proceed, we hope to find further efficiencies in (1) centralizing operations; (2) reducing staffing and consolidating workloads; (3) developing innovative ways to carry out our responsibilities; and (4) increasing our efficient use of data processing. As we look for further ways to stretch the public dollar, we must keep in mind the fact that the main mission of three of our divisions - Oil and Gas Audit, Income and Excise Audit and Treasury - is to raise and protect general fund revenues. We must be careful not to propose budget reductions that will result in reductions in state revenues.

The table below shows the general fund changes from FY96 in our proposed FY97 budget:

Department of Revenue FY96 vs FY97 General Fund Budget

	FY96 Appropriated	FY96 Fiscal Notes	FY97 Adjustment of Base	FY97 Increase/ (Reduction)	Proposed FY97 Budget
Income & Excise Audit	\$3,513.6	\$0.0	\$40.5	(\$100.0)	\$3,454.1
Oil & Gas Audit	\$3,440.0	\$0.0	\$40.6	(\$200.0)	\$3,280.6
Treasury	\$768.6	\$0.0	\$8.0	(\$101.0)	\$675.6
Child Support Enforcement	\$1,854.6	\$46.1	(\$10.8)	\$64.9	\$1,954.8
Charitable Gaming	\$959.1	\$10.0	\$1.7	(\$60.0)	\$910.8
Administrative Services	\$372.1	\$0.0	\$2.7	\$84.0	\$458.8
Commissioner's Office	\$481.9	\$0.0	\$4.5	\$0.0	\$486.4
<b>General Fund Total For Operations</b>	<b>\$11,389.9</b>	<b>\$56.1</b>	<b>\$87.2</b>	<b>(\$312.1)</b>	<b>\$11,221.1</b>

## **Department of Revenue FY97 Budget Overview**

### **Agency Overview, Continued**

In addition to the day to day operations of the department, the Commissioner of Revenue, or the Commissioner's designee, is required by statute to sit on the following boards:

- Alaska State Pension Investment Board
- Alaska Permanent Fund Corporation
- State Bond Committee
- Alaska Housing Finance Corporation
- Alaska Industrial Development & Export Authority
- Alaska Royalty Oil & Gas Advisory Board
- Public School Fund Advisory Board
- State Assessment Review Board
- Alaska Municipal Bond Bank Authority
- Alaska Student Loan Corporation

The Commissioner is also a member of the Governor's Oil and Gas Policy Council. The department provides staff support to this council. The department has also provided information to the Long Range Financial Planning Commission during its deliberations. The department believes it is important for its staff to continue to be involved in the state's long term financial planning process.

# Department of Revenue FY97 Budget Overview

## Agency Budget Summary

Includes Boards and Commissions  
(in thousands of dollars)

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	30,843.9	42,386.3	42,840.5	44,479.7
Travel	1,231.4	2,034.0	1,866.5	1,854.9
Contractual	43,829.4	59,732.5	70,266.7	66,495.1
Commodities	713.1	1,918.6	1,576.2	1,562.3
Equipment	1,007.3	1,988.4	996.3	840.9
Lands/Buildings	1,594.7	2,425.0	1,457.0	932.0
Grants	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0
<b>Total</b>	<b>79,219.8</b>	<b>110,484.8</b>	<b>119,003.2</b>	<b>116,164.9</b>
<b>POSITIONS:</b>				
PFT	590.0	780.0	760.0	780.0
PPT	15.0	53.0	55.0	32.0
Temp	58.0	73.0	72.0	71.0
<b>FUNDING:</b>				
1001 CBR Fund	0.0	0.0	451.5	448.5
1002 Federal Funds	7,101.5	28,076.5	26,955.6	27,027.7
1003 General Fund Match	1,708.1	1,689.9	1,860.7	1,914.8
1004 General Fund	9,104.7	8,948.8	8,459.6	8,236.9
1005 GF/Program Receipts	1,783.3	1,770.0	1,765.0	1,716.6
1007 Interagency Receipts	1,780.7	2,854.3	2,686.0	2,767.2
1011 Education Trust	35.2	35.1	19.7	16.6
1016 Federal Incentives	1,504.5	2,497.3	2,917.3	2,934.6
1017 Deferred Comp	0.0	148.0	45.9	75.4
1022 Corporation Receipts	34,328.1	41,182.9	46,215.7	41,651.6
1027 Int Airprt	0.0	0.0	0.0	24.5
1029 Public Employ Retire	10,223.1	10,891.6	12,885.1	14,241.3
1034 Teachers Retirement	6,695.3	7,255.7	7,852.8	8,228.0
1042 Judicial Retirement	90.3	90.9	100.7	103.4
1045 Military Retirement	25.8	29.1	35.4	16.4
1046 Student Loan	0.0	0.0	0.0	20.8
1048 University Receipts	71.3	71.4	67.9	30.4
1050 PFD Fund	4,430.9	4,354.5	4,418.1	4,595.4
1053 Investment Loss Trust	35.2	35.2	18.7	16.4
1061 CIP Receipts	0.0	96.6	1,174.5	1,147.7
1066 Public School Fund	301.8	302.0	120.2	57.2
1092 Mental Health Trust Inc.	0.0	155.0	952.8	0.0
1094 Mental Health Trust Admin	0.0	0.0	0.0	893.5

Does not include off-budget General Fund authorization for Shared Taxes.

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**Section 2.**

**Department  
of Revenue  
Division  
Summaries**

**Alaska Department of  
REVENUE**

January

1996

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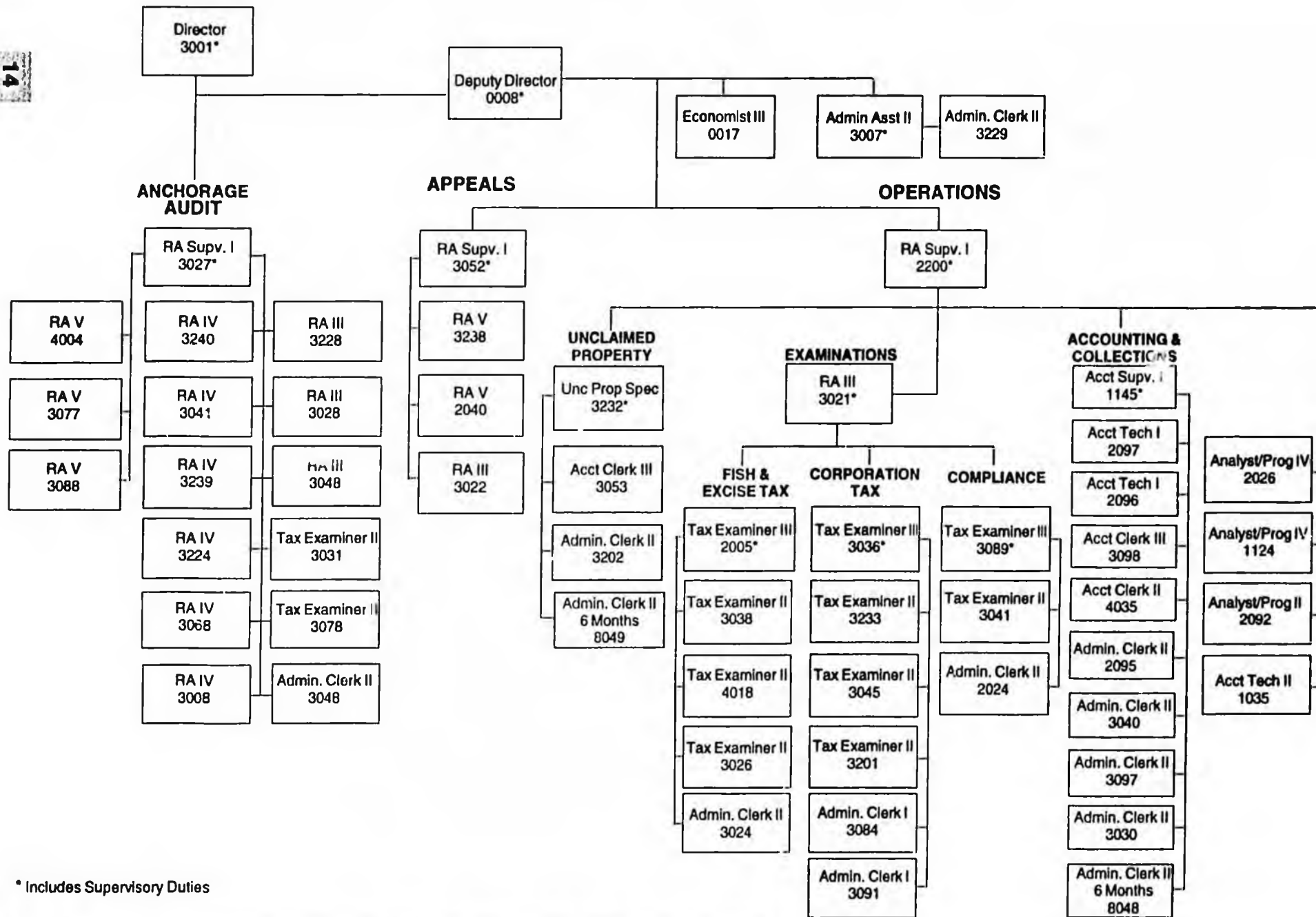
Department of Revenue FY97 Budget Overview

# Budget Summary

(In thousands of dollars)

## OPERATING SUMMARY

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	19,390.6	21,220.0	22,533.7	22,963.1
Travel	479.9	399.1	431.4	418.8
Contractual	21,510.2	7,077.3	8,093.6	7,762.8
Commodities	283.4	375.1	305.6	291.1
Equipment	938.6	1,070.7	172.6	146.9
Lands/Buildings	144.7	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0
<b>Total</b>	<b>42,747.4</b>	<b>30,142.2</b>	<b>31,536.9</b>	<b>31,582.7</b>
<b>FUNDING:</b>				
1001 CBR Fund	0.0	0.0	451.5	448.5
1002 Federal Funds	6,706.5	8,853.7	9,954.6	10,079.7
1003 General Fund Match	1,708.1	1,689.9	1,860.7	1,914.8
1004 General Fund	9,104.7	8,948.8	8,459.6	8,236.9
1005 GF/Program Receipts	1,157.2	1,115.7	1,125.7	1,069.4
1007 Interagency Receipts	657.5	2,142.0	2,072.5	2,137.5
1011 Education Trust	35.2	35.1	19.7	16.6
1016 Federal Incentives	1,504.5	2,497.3	2,917.3	2,934.6
1027 Int Airprt	0.0	0.0	0.0	24.5
1029 Public Employees Retire	10,223.1	0.0	0.0	0.0
1034 Teachers Retirement	6,655.3	0.0	0.0	0.0
1042 Judicial Retirement	90.3	0.0	0.0	0.0
1045 Military Retirement	25.8	0.0	0.0	0.0
1046 Student Loan	0.0	0.0	0.0	20.8
1048 University Receipts	71.3	71.4	67.9	30.4
1050 PFD Funds	4,430.9	4,354.5	4,418.1	4,595.4
1053 Investment Loss Trust	35.2	35.2	18.7	16.4
1061 CIP Receipts	0.0	96.6	50.4	0.0
1066 Public School Fund	301.8	302.0	120.2	57.2
<b>POSITIONS:</b>				
PFT	386.0	419.0	427.0	430.0
PPT	14.0	13.0	15.0	5.0
Temp	58.0	62.0	62.0	62.0



\* Includes Supervisory Duties

**Alaska Department of Revenue  
INCOME & EXCISE AUDIT DIVISION  
ORGANIZATION CHART - PROPOSED FY 97\*\***

	TOTAL ANCH	FBKS	JNU	SEA
PFT	18		39	
PPT			2	
TEMP				

\*\*The position to be eliminated by budget reduction has not been determined. The final organization chart will show 56 full time positions.

## Income and Excise Audit Division

### Overview

The Income and Excise Audit Division (IEAD) is responsible for forecasting and collecting state tax revenue from the following taxes: corporation net income, alcoholic beverages, motor fuel, tobacco, fisheries business, salmon enhancement, seafood marketing, salmon marketing, fishery resource landing, electric cooperative, telephone cooperative, mining license, coin-operated devices, and estate. IEAD also has responsibility for administering the state's unclaimed property program and shared tax programs.

IEAD has four sections. The Operations Section performs the following with respect to taxes: accounting, collections, tax return examination, compliance, and shared taxes administration. This section also administers the state's unclaimed property program and provides support for division-specific computer programming needs. The Audit Section performs taxpayer field audits for the taxes the division administers. This section also provides taxpayer assistance, researches tax policy, coordinates the division's efforts with the Internal Revenue Service, and assists with specific research projects as the need arises. The Appeals Section staff administer taxpayer informal conference requests, participate in settlement negotiations, research tax policy with the Audit Section, and coordinate the division's efforts with the Department of Law when tax appeals proceed to the formal hearing or court stage. Our research economist has the responsibility to (1) maintain forecast models for all state taxes except the Oil and Gas Production Tax and the Oil and Gas Property Tax; (2) assist the Economic Research Section of the Oil and Gas Audit Division in preparing revenue forecasts twice yearly; and (3) perform research and analysis related to proposals for altering existing taxes and introducing new state taxes.

### Issues

The IEAD is in a transition period. During the last two years, our priorities have been to (1) catch up on and improve the efficiency of our audits of major oil and gas corporations for the corporation net income tax; and (2) modernize our data processing system. We have been successful in both areas. We moved from having a single auditor do a single audit to using a team approach for the corporation net income tax. By making this change, we reduced the time to complete an average audit from four years to eighteen months. Though we are still a number of years behind on some of our audits, we now have a two year plan to catch up. As we catch up, we are able focus more on auditing other taxpayers for other tax types. We have nearly completed the implementation of our new tax computer program, which has significantly automated our processing and review of tax returns.

## Department of Revenue FY97 Budget Overview

As revenue from North Slope production declines and the State budget is reduced, the taxes for which IEAD has responsibility are becoming increasingly important. The division has taken budget cuts in each of the last three years. This year's budget request includes a general fund reduction of \$59,500 and a reduction of one position. During the last two years, the volume of tax returns filed has increased twenty percent, to over 23,000 returns annually. We have increased the number of corporation audits completed and have maintained a limited but focused tax compliance program.

Our goals for the next fiscal year are to (1) absorb increases in workload through efficiencies achieved with our new computer system; (2) continue to provide timely and accurate tax return processing; (3) continue our efforts to bring our audits and appeals current; and (4) do limited forecasting and compliance work.

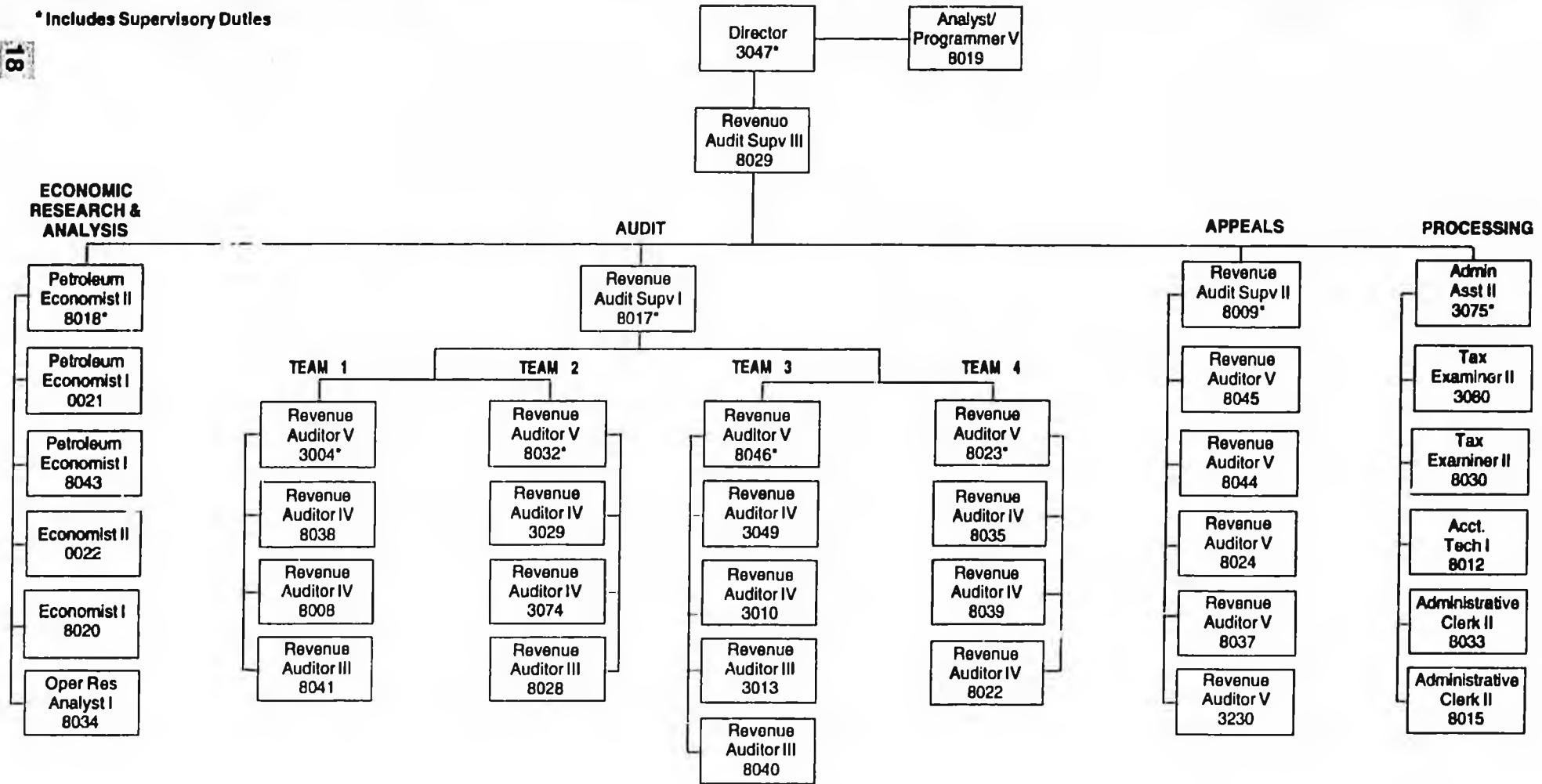
**Department of Revenue FY97 Budget Overview**

**Income and Excise Audit Division**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	2,921.2	2,981.2	3,121.2	3,073.6
Travel	56.3	138.5	107.1	102.1
Contractual	317.3	298.3	255.1	248.2
Supplies	63.0	60.2	30.2	30.2
Equipment	190.5	123.0	0.0	0.0
Lands/Buildings	60.1	0.0	0.0	0.0
<b>TOTAL</b>	<b>3,608.4</b>	<b>3,601.2</b>	<b>3,513.6</b>	<b>3,454.1</b>
<b>FUNDING:</b>				
1004 General Fund	3,452.6	3,444.6	3,357.0	3,295.5
1005 GF/Program Receipt	155.8	156.6	156.6	158.6
<b>POSITIONS:</b>				
PFT	57.0	57.0	57.0	56.0
PPT	0.0	0.0	2.0	2.0
Temp	0.0	0.0	0.0	0.0

\* Includes Supervisory Duties

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**Alaska Department of Revenue  
OIL AND GAS AUDIT DIVISION  
PROPOSED ORGANIZATION CHART - FY 97**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	39			
PPT				
TEMP				

## Department of Revenue FY97 Budget Overview

# Oil and Gas Audit Division

### Overview

The Oil and Gas Audit Division (OGAD) is responsible for collecting state tax revenue from the Oil and Gas Production Tax and Oil Surcharge, the Oil and Gas Property Tax, and the Conservation Tax. The OGAD is also responsible for forecasting oil and gas royalty and production tax revenue. The OGAD staff are working to resolve the last of the disputes related to the Separate Accounting Corporate Income Tax, which was repealed in 1981.

The OGAD is organized into five sections. The Processing Section is responsible for processing and performing the initial review and examination of all oil and gas production tax returns. The Audit Section audits oil production tax returns and performs audits of oil and gas royalty payments as requested by the Department of Natural Resources. The Appeals Section staff administer taxpayer informal conference requests, participate in settlement negotiations and coordinate the division's efforts with the Department of Law when tax appeals proceed to the formal hearing or court stage. The Property Tax administrator performs an annual statewide assessment of oil and gas property taxes. The Economic Research Section has the following responsibilities: (1) prepare semiannual revenue forecasts for the legislature and the executive branch; (2) perform real-time analysis of North Slope oil disposition contracts; (3) research economic issues related to the state's oil and gas revenues; and (4) provide support to the Commissioner's Office researching oil and gas policy issues. The staff in the Audit, Appeals, and Economic Research Sections also perform analysis as necessary for the promulgation of new regulations.

### Issues

The OGAD is nearing resolution of the remaining production tax and separate accounting income tax disputes from the late 1970's and the 1980's. Regulations adopted in January 1995 clarified many issues related to the Oil and Gas Production Tax. The division is now developing additional regulations to provide clarity and tax certainty to its taxpayers. The net result of these two regulation projects is simplification of the audit process in the future.

Most of our production tax audits are now current. Future audits will be simplified. As a result, the division can move toward more real-time monitoring of oil markets and transportation costs. In addition, the division plans to become involved in future audits pertinent to the Trans Alaska Pipeline System tariffs.

The division's FY97 budget request includes a cut of \$159,400. It also includes the elimination of one full time position and the conversion of one full time position to part time.

With declining state revenues and a growing fiscal gap, policy makers are shifting their focus on the Department's short-term revenue forecast to our long-term revenue forecast. To respond to this shift, we will work to improve our long-term oil price forecasts and our assessments of long-term North Slope production volumes.

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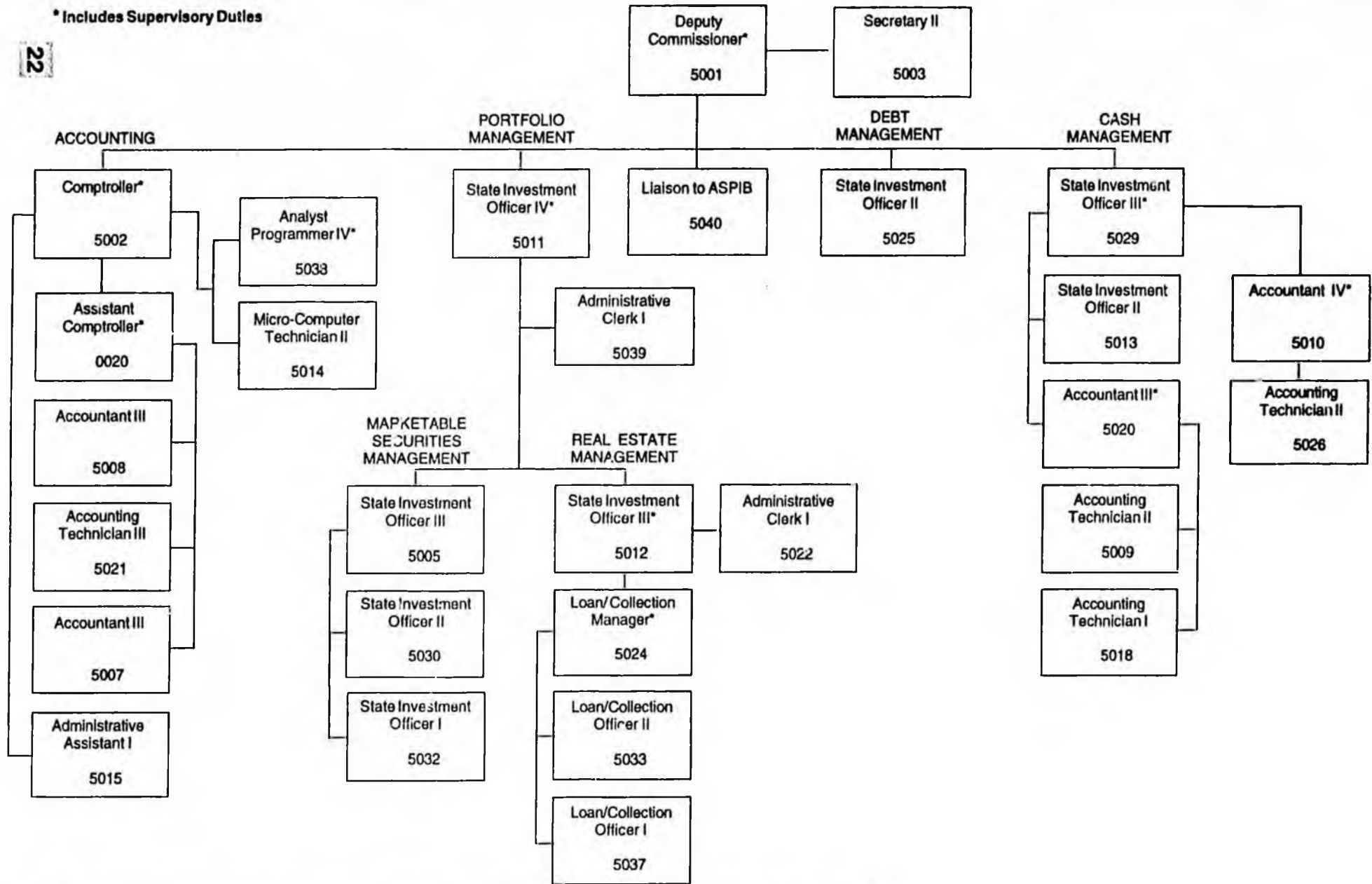
**Department of Revenue FY97 Budget Overview**

**Oil and Gas Audit Division**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	2,796.4	2,932.9	2,932.9	2,853.8
Travel	108.6	59.6	105.3	94.3
Contractual	366.5	471.7	387.4	318.1
Supplies	27.4	15.2	14.4	14.4
Equipment	70.0	25.9	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>3,368.9</b>	<b>3,505.3</b>	<b>3,440.0</b>	<b>3,280.6</b>
<b>FUNDING:</b>				
1004 Gen Fund	3,368.9	3,505.3	3,440.0	3,280.6
<b>POSITIONS:</b>				
PFT	40.0	40.0	40.0	38.0
PPT	0.0	0.0	0.0	1.0
Temp	0.0	0.0	0.0	0.0

\* Includes Supervisory Duties

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**Alaska Department of Revenue  
TREASURY DIVISION  
ORGANIZATION CHART - PROPOSED FY 97**

TOTAL	ANCH	FBKS	JNU	SEA
PFT			29	
PPT				
TEMP				

## Treasury Division

### Overview

The Treasury Division (Treasury) manages the state's financial assets. This includes collection and disbursement of all state funds, investment of the twelve funds under the fiduciary control of the Commissioner of Revenue, the six retirement funds under the fiduciary control of the Alaska State Pension Investment Board and the issuance and oversight of all state debt. Treasury also serves as staff to the Alaska State Pension Investment Board (ASPIB) and the State Bond Committee.

Treasury is set up with four sections.

The Cash Management Section staff process all revenues, pay all expenditures, monitor the state's daily cash balances for investment purposes, ensure compliance with the Federal Cash Management Improvement Act and manage all state banking relationships. The Cash Management staff also perform accounting and reconciliation of cash transactions for the state.

The Portfolio Management section staff directly manage all of the fixed income portfolios of the state funds and pension funds, and oversee the activities of managers hired to invest funds not invested in the fixed income portfolios. The section also provides staff support for the ASPIB and manages the real estate holdings of the pension funds.

The Accounting Section oversees the safekeeping and custody of the state's financial assets. The staff (1) maintain the accounting records and provide monthly reports of all investment activity for state funds and (2) provide data processing support for Treasury.

The Debt Manager (1) serves as staff to the State Bond Committee; (2) has responsibility for issuance, refunding and administration of general obligation bonds, lease-financing, and International Airport System revenue bonds; and (3) prepares general fund cash flow projections for state policy makers. The Debt Manager is the principal state contact with the bond rating services and the national financial community.

### Issues

Treasury's FY97 budget request reflects a revised budgeting method for the division. In the past, the costs of managing individual funds have not been accurately reflected in our budget. To revise our allocation, we reviewed the responsibilities of each position in the division. We then performed a cost allocation for each position to each of the state funds managed by the division, including the retirement funds under the fiduciary control of the ASPIB. Our FY97 budget request reflects this change. In addition, we reduced by \$112,600 our request for contractual services mainly by (1) negotiating reduced fees from external custody and investment advisory contracts; and (2) reducing our request for contractual software development by having treasury staff do the work instead. The combination of these reductions and the revised cost allocation results in a decrease in our general fund request of \$93,000, and an overall reduction of \$69,100.

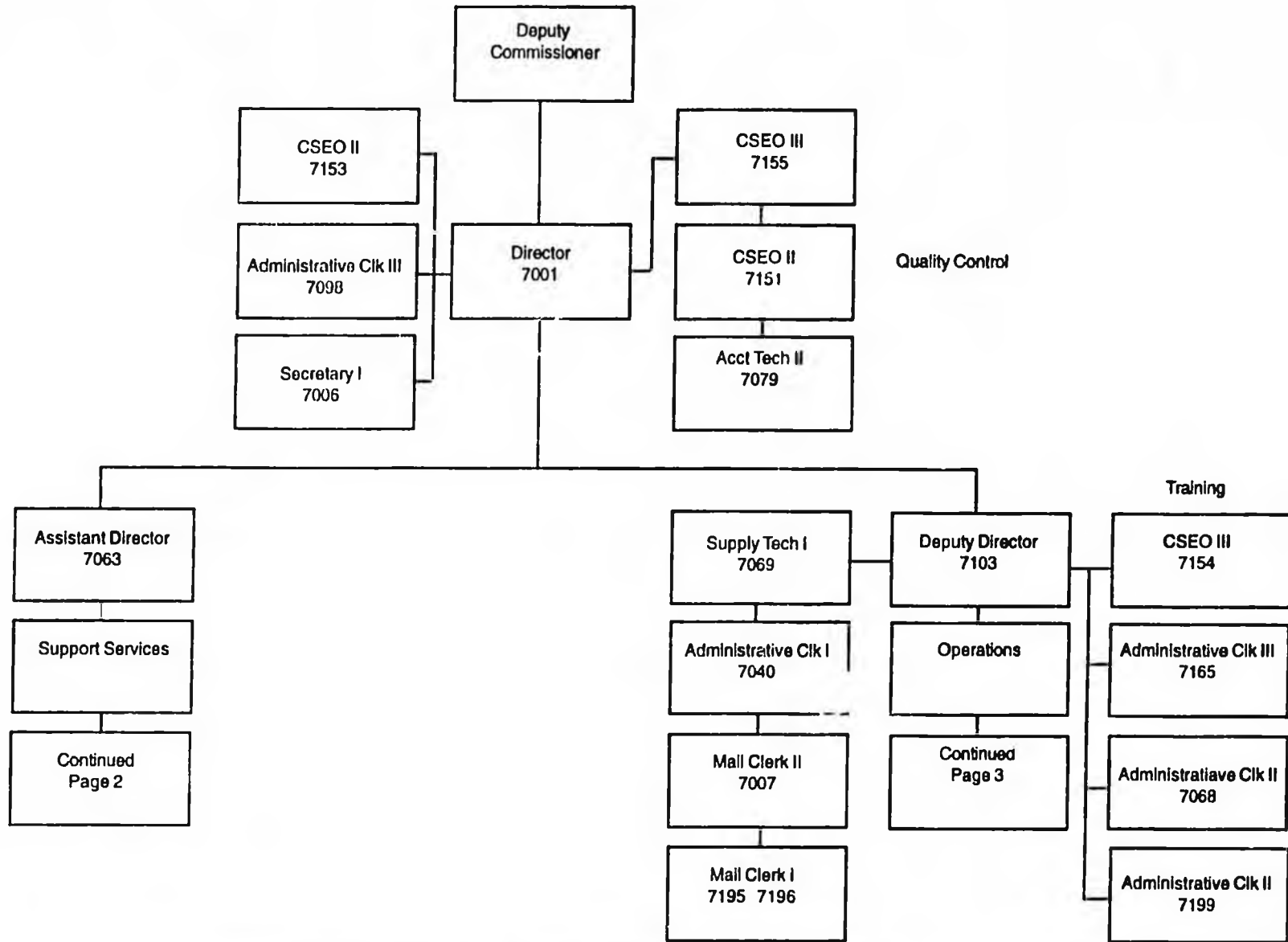
## **Department of Revenue FY97 Budget Overview**

Treasury is working with other state agencies to ensure efficient management of the state's cash holdings. We are currently assisting several divisions in automating fee collections to decrease the time that payments are held before being deposited for investment. The division also continues to reassess its investment of state funds, maximizing returns wherever possible.

Department of Revenue FY97 Budget Overview

Treasury Division

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	1,993.1	2,035.9	2,065.1	2,109.4
Travel	181.3	22.3	22.3	24.6
Contractual	16,400.0	899.6	720.8	608.2
Supplies	38.3	38.3	45.0	17.5
Equipment	50.1	0.0	24.4	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>18,612.7</b>	<b>3,046.2</b>	<b>2,853.2</b>	<b>2,784.1</b>
<b>FUNDING:</b>				
1001 CBR Fund	0.0	0.0	451.5	448.5
1002 Federal Receipts	100.0	0.0	0.0	0.0
1004 General Fund	1,034.7	1,221.6	768.6	675.6
1007 Interagency Receipts	0.0	1,380.9	1,406.6	1,494.1
1011 Education Trust	35.2	35.1	19.7	16.6
1027 Int Airprt	0.0	0.0	0.0	24.5
1029 Public Employees Retire	10,223.1	0.0	0.0	0.0
1034 Teachers Retirement	6,695.3	0.0	0.0	0.0
1042 Judicial Retirement	90.3	0.0	0.0	0.0
1045 Military Retirement	25.8	0.0	0.0	0.0
1046 Student Loan	0.0	0.0	0.0	20.8
1048 University Receipts	71.3	71.4	67.9	30.4
1053 Investment Loss Trust	35.2	35.2	18.7	16.4
1066 Public School Fund	301.8	302.0	120.2	57.2
<b>POSITIONS:</b>				
PFT	29.0	29.0	29.0	29.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0



**Department Of Revenue  
CHILD SUPPORT ENFORCEMENT DIVISION  
ORGANIZATION CHART (PAGE 1 OF 3) - PROPOSED FY 97**

TOTAL.	ANCH	FBKS	JNU
PFT	201	5	4
PPT			

Chief Director  
7063

Systems Support

Anal/Prog V  
7107

Anal/Prog III  
7008

Proc Tech I  
7110

Pro/Network  
Tech  
New Pos  
1/1/96

Investigations &  
Emp Rep

Investigator IV  
7058

Investigator III  
7150

Investigator II  
7149

(2) Admin Clk III  
7013 7026

Child Support  
Accounting

Accounting  
Supv II  
7059

Admin Clk III  
7114

(6) Acct Clk II  
7065, 7066, 7067  
7166, 7167, 7168

Acct Tech III  
7126

(9) Acct Tech II  
7032, 7129, 7062  
7111, 0029, 7188  
7189, 7190, 7191

Acct Tech II  
7064

Acct Supv I  
7127

Acct Tech II  
7060

(2) Acct Tech I  
7091 7092

(6) Acct Clk III  
7036, 0026, 0027  
7192, 7193, 7194

(3) Admin Clk III  
7135 7123  
7179

TOTAL	ANCH	FBKS	JNU
PFT	201	5	4
PPT			

Deputy Director  
7103

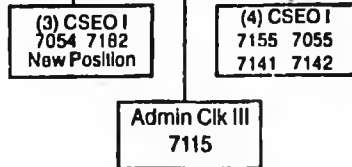
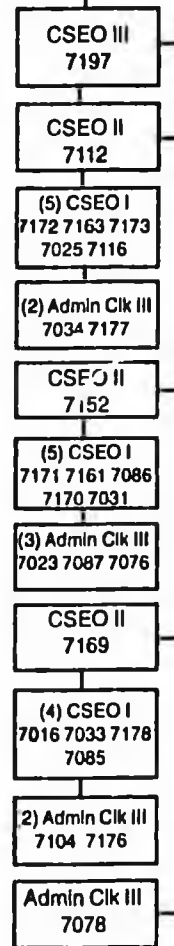
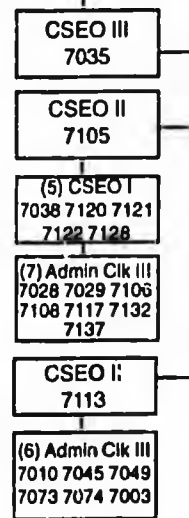
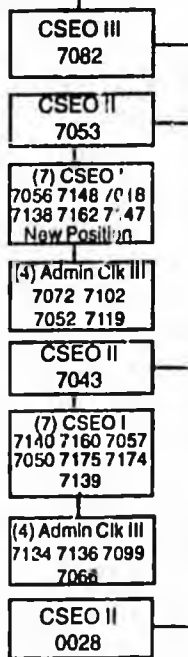
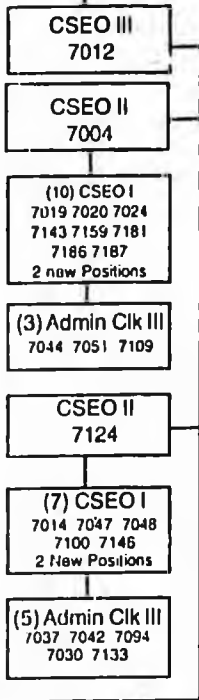
CSEO IV  
7046

Enforcement, Mod. Review,  
CP & Field Offices

Paternity &  
Establishment

CSC & Phone Bank

Interstate



CSEO II  
7071  
Junco

CSEO II  
7070  
Fairbanks

2) CSEO I  
7198 7180

(3) CSEO I  
7156 7157  
New Position

Admin Clk III  
7118

Admin Clk III  
7002

Revenue  
CEMENT DIVISION  
OF 3) - PROPOSED FY 97

TOTAL	ANCI	FBKS	JNU
PFT	201	5	4
PPT			

## Child Support Enforcement Division

### Overview

The goal of the Child Support Enforcement Division (CSED) is to insure family support for Alaska's children. The CSED program is structured to achieve this goal by: (1) helping custodial parents obtain support for their children from non-custodial parents; (2) requiring non-custodial parents to reimburse the state for Aid-to-Families-with-Dependent-Children (AFDC), Medicaid and Foster Care support; and (3) establishing a paternity relationship between fathers and their children.

The division has two sections: Operations and Support. The Operations Section consists of thirteen teams responsible for processing and enforcing the 45,000 cases currently pending in the agency. These responsibilities cover: (1) intake; (2) customer service; (3) paternity and establishment; (4) support level establishment; (5) support level modification; (6) in-state enforcement; and (7) interstate enforcement. The Support Section does the following: (1) processes monthly payments made by the non-custodial parents; (2) disburses the funds to the custodial parents, the state and the federal government; and (3) provides data processing and other general support for the division.

### Issues

Our budget request for FY97 includes a general fund increase of \$54,100 and an increase in federal support of \$137,400. We are requesting these increments to allow us to continue to fund eight positions funded in FY96 through the fiscal note for the Uniform Interstate Family Support Act (CSSB 115). The bill provides us with a more efficient means for establishing paternity.

Since 1994, we have significantly reduced our backlogs. We have reduced our establishment section caseload from 4,324 to 2,358 (2,000 would be a normal caseload for this section and represent a zero backlog). In addition, we have reduced our paternity caseload from 3,479 to 2,478 (1,800 would be a normal caseload for this section and represent a zero backlog).

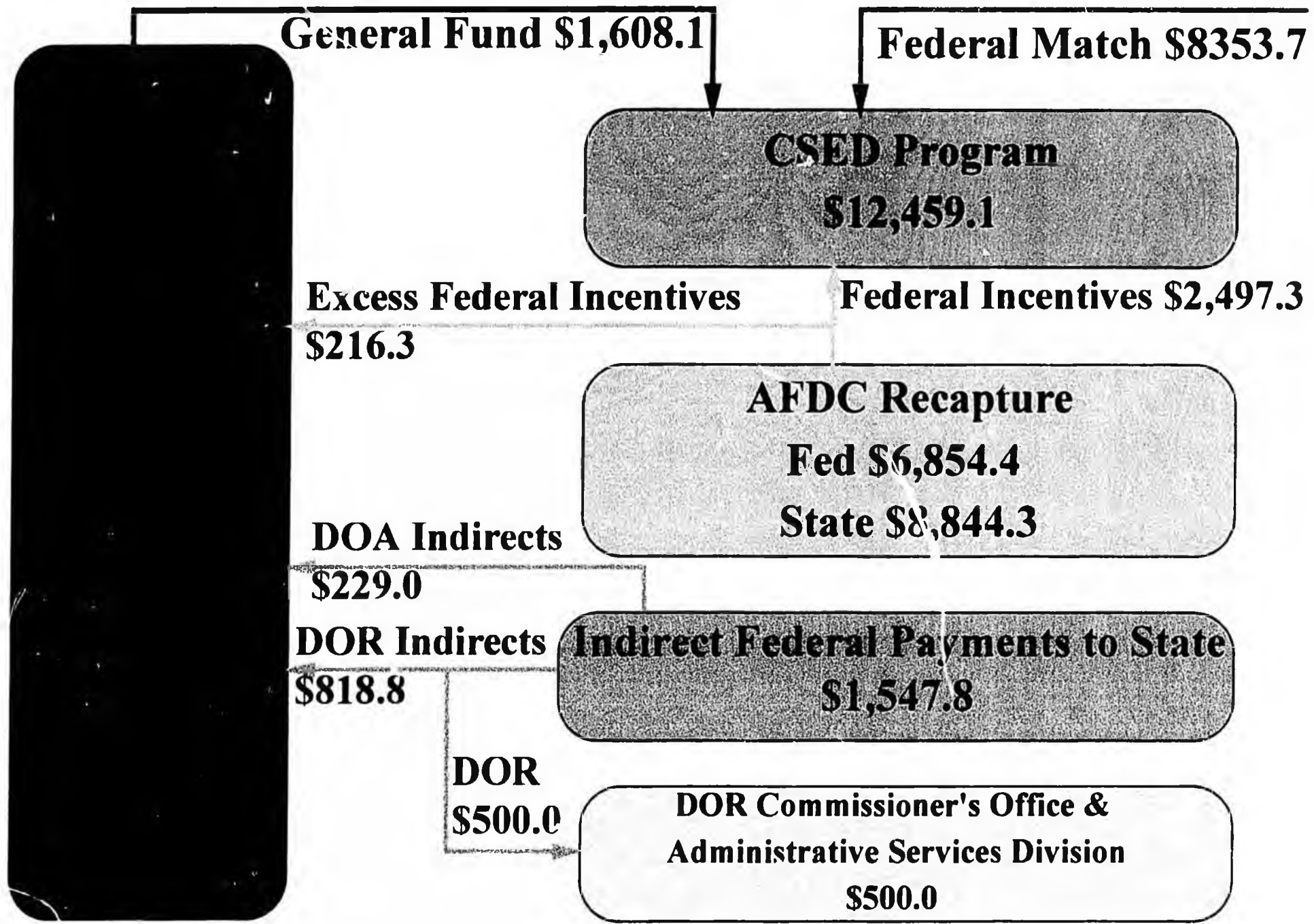
While we have reduced our backlog significantly, we still have to do considerable work to meet all of the federally established guidelines. CSED is currently meeting many of those federal time limits, including (1) sending an application within five days of a request; (2) taking wage withholding action within fifteen days of receiving information about a new employer; and (3) processing payments within fifteen days of receipt.

However, there are several other federally imposed time limits which CSED does not currently meet: (1) setting up a case record and establishing a schedule for the case within twenty days of the referral; (2) completing locate requests within 75 days; (3) initiating interstate case within twenty days of locating the absent parent in another jurisdiction; (4) reviewing each AFDC case every three years (each review must be completed within 180 days); and (5) taking action to establish 75% of support orders in six months and 90% of support orders in twelve months regardless of whether paternity is an issue. Alaska law also requires us to audit individual case disbursements within thirty days; we are currently unable to meet this requirement. One of our biggest challenges is to make further progress in meeting these federal and state guidelines, and as a result, to provide better service to our customers.

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# Child Support Enforcement Division's FY95 Budget

(\$ in thousands)



**General Fund \$1,608.1**

**Federal Match \$8353.7**

**CSED Program  
\$12,459.1**

**Excess Federal Incentives  
\$216.3**

**Federal Incentives \$2,497.3**

**AFDC Recapture  
Fed \$6,854.4  
State \$8,844.3**

**DOA Indirects  
\$229.0**

**DOR Indirects  
\$818.8**

**Indirect Federal Payments to State  
\$1,547.8**

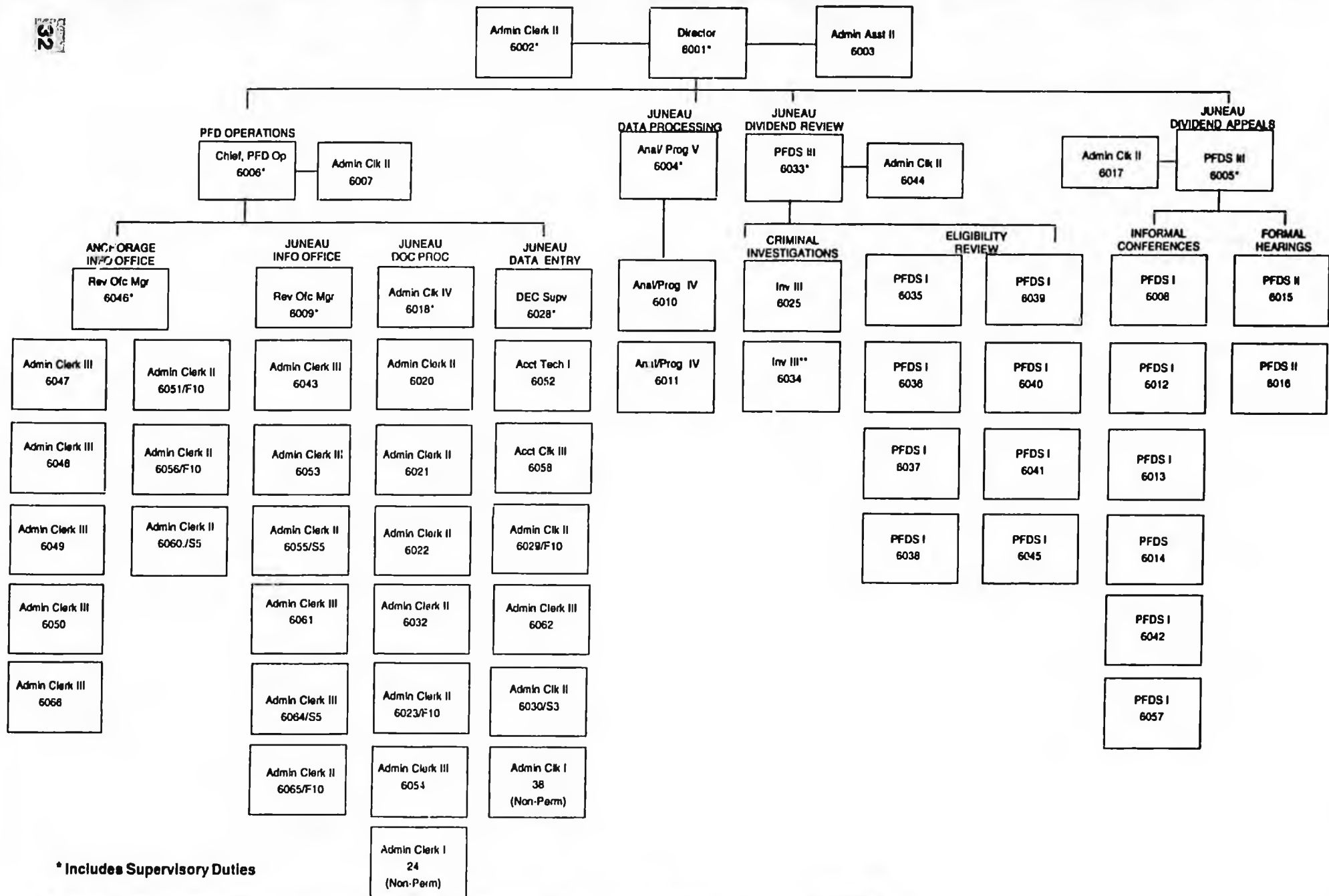
**DOR  
\$500.0**

**DOR Commissioner's Office &  
Administrative Services Division  
\$500.0**

**Department of Revenue FY97 Budget Overview**

**Child Support Enforcement Division**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	6,519.8	8,167.1	8,983.1	9,443.0
Travel	61.3	77.6	102.1	102.1
Contractual	2,641.6	3,510.8	4,997.0	4,707.0
Supplies	64.0	146.7	121.8	126.5
Equipment	549.3	638.7	168.6	85.5
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>9,836.0</b>	<b>12,540.9</b>	<b>14,272.6</b>	<b>14,464.1</b>
<b>FUNDING:</b>				
1002 Federal Funds	6,606.5	8,353.7	9,454.6	9,574.7
1003 General Fund Match	1,708.1	1,689.9	1,860.7	1,914.8
1004 General Fund	0.0	0.0	40.0	40.0
1007 Interagency Receipts	16.9	0.0	0.0	0.0
1016 Federal Incentives	1,504.5	2,497.3	2,917.3	2,934.6
<b>POSITIONS:</b>				
PFT	171.0	202.0	210.0	210.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0



\* Includes Supervisory Duties

<b>Alaska Department of Revenue</b> <b>PERMANENT FUND DIVIDEND DIVISION</b> <b>PROPOSED ORGANIZATION CHART - FY 97</b>				<b>TOTAL</b>		<b>ANCH</b>	<b>FBKS</b>	<b>JNU</b>
		<b>PFT</b>	6		42			
		<b>PPT</b>	5		8			
		<b>TEMP</b>			62			

## Permanent Fund Dividend Division

### Overview

The Permanent Fund Dividend Division (PFDD) is responsible for distributing Permanent Fund Dividend checks to each Alaska resident who applies and qualifies for the dividend.

The PFDD is organized into four units.

The Operations Unit staff process each dividend application. The computer selects applications that need further review or have missing information. If information is missing, we send a request for additional information to the applicant. Applications are either approved for payment, sent on for further review, or denied. The Operations Unit is also responsible for processing payments, garnishments, attachments, levies, writs and assignments of dividends, as well as collecting repayments of dividends issued to applicants in error.

The Dividend Review Unit is responsible for reviewing all applications forwarded by the Operations Unit for further eligibility determination; the staff also review applications based on information received through the division's Fraud Hotline. After the staff perform a detailed review of each application, applicants are either approved for payment or sent a denial letter. The staff of the Criminal Investigation Section of the Dividend Review Unit investigate each case of suspected fraud.

The Dividend Appeals Unit staff are responsible for reviewing the appeals of those applicants who are denied dividends and choose to appeal their denial. Appeals officers objectively review cases under appeal, hold informal conferences, and issue written decisions either overturning or upholding the denial.

Finally, the Data Processing Unit staff maintain the division's data processing system on the state's mainframe computer. This section's staff ensure that up-to-date application and filing history information is available to the entire division.

### Issues

Our FY97 budget request includes an increase of \$131,900 over FY96. This increment largely reflects our request to reduce our permanent part time seasonal staff by nine and increase our permanent full time seasonal staff by seven. We are also requesting additional contractual services funding to cover increased costs in postage and printing.

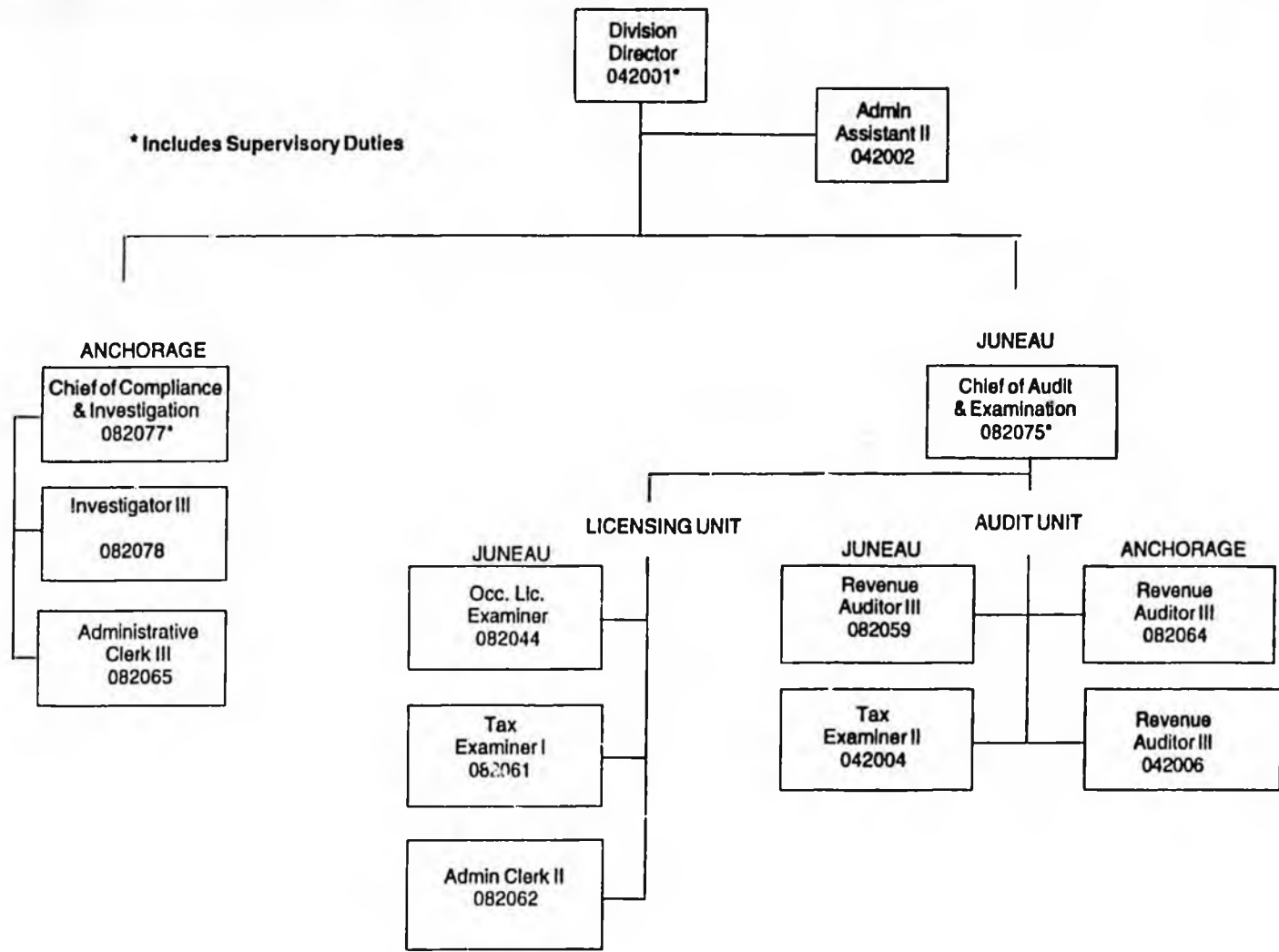
One of the main goals of the division continues to be enhancing public understanding of the eligibility requirements of the dividend program. We are increasing our efforts to provide application assistance. We are also working to increase the efficiency and accuracy with which we process and review dividend applications.

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**Department of Revenue FY97 Budget Overview**

**Permanent Fund Dividend Division**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	2,811.7	2,832.3	2,899.7	2,980.6
Travel	19.3	25.6	30.0	30.0
Contractual	1,535.3	1,417.9	1,518.2	1,563.4
Supplies	60.2	72.4	57.4	63.2
Equipment	20.4	135.0	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,446.9</b>	<b>4,483.2</b>	<b>4,505.3</b>	<b>4,637.2</b>
<b>FUNDING:</b>				
1007 I/A Rcpts	16.0	32.1	36.8	41.8
1050 PFD Fund	4,430.9	4,354.5	4,418.1	4,595.4
1061 CIP Rcpts	0.0	96.6	50.4	0.0
<b>POSITIONS:</b>				
PFT	47.0	48.0	48.0	55.0
PPT	14.0	13.0	13.0	2.0
Temp	58.0	62.0	62.0	62.0



\* Includes Supervisory Duties

<b>Alaska Department of Revenue CHARITABLE GAMING DIVISION PROPOSED ORGANIZATION CHART - FY 97</b>		<b>TOTAL</b> ANCH FBKS JNU SEA PFT 5 8 PPT TEMP
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## Department of Revenue FY97 Budget Overview

### Charitable Gaming Division

#### Overview

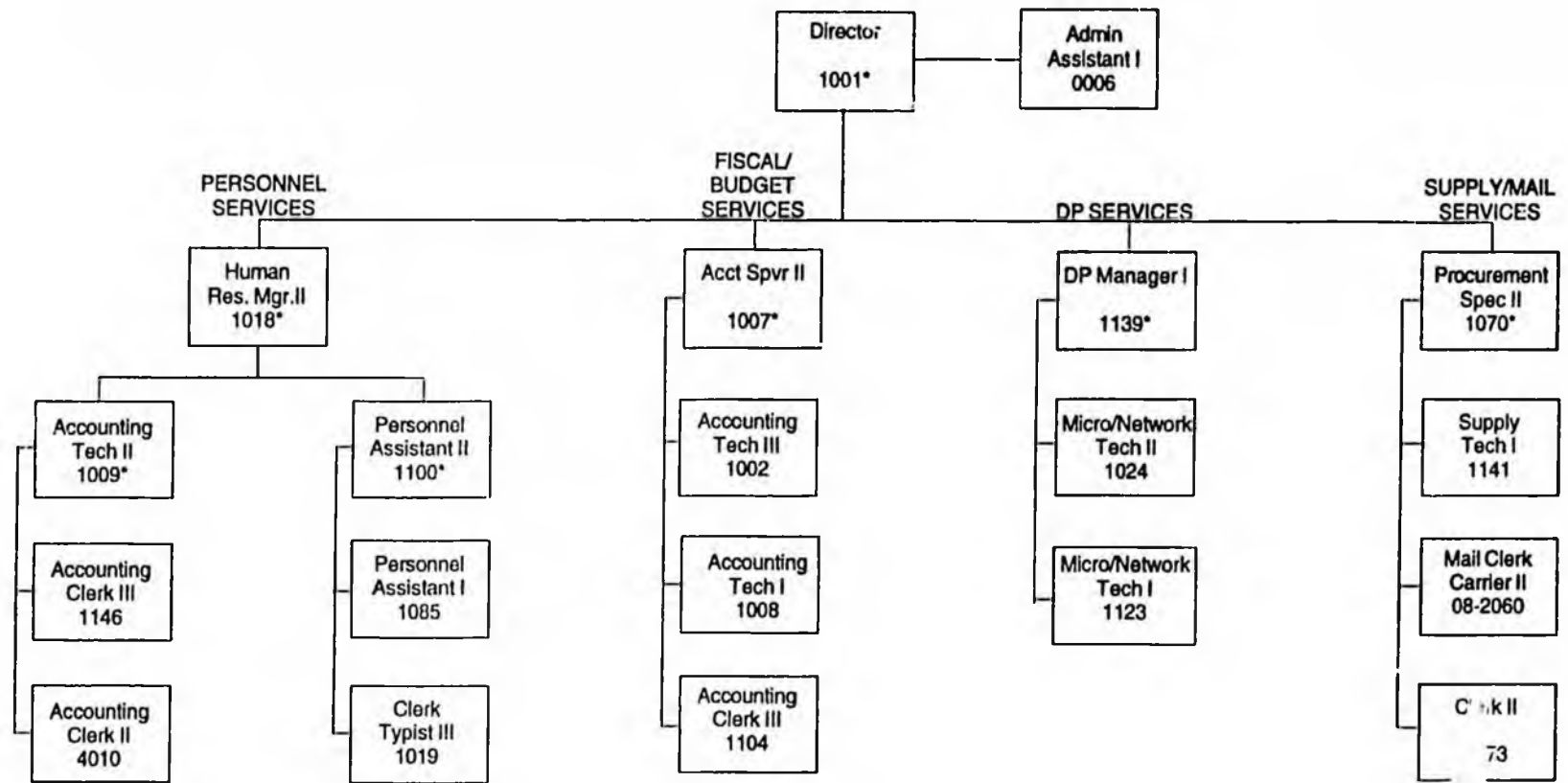
Certain kind of gaming activities are permitted in the State of Alaska; only charitable organizations are permitted to conduct these activities. The Charitable Gaming Division administers the law pertinent to permitted gaming activities. Gaming in Alaska is a \$257 million enterprise. Of this, \$200 million is paid out in prizes; \$22 million goes to charities; \$2 million is paid to the state in taxes and fees; the remaining \$33 million goes for expenses to gaming operators, distributors, and manufacturers.

The responsibilities of the division center around ensuring that both charities and the public treasury receive their shares of gaming proceeds. The division is also responsible for ensuring that gaming participants receive the prizes promised. To ensure that charitable organizations, gaming participants and the public treasury receive their respective proper shares, the division (1) issues permits and licenses; (2) conducts audits of charity and operator gaming activities; and (3) inspects gaming facilities and investigates charitable gaming activities.

#### Issues

The FY97 budget request for the division includes a general fund reduction of \$58,300 and a reduction of two positions (one position eliminated and one unfunded position transferred to Administrative Services Division). We are currently assessing the program to determine where we can increase efficiencies in our operations.

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	764.0	764.7	799.7	758.4
Travel	29.1	40.9	30.0	30.0
Contractual	120.7	124.5	128.4	111.4
Supplies	12.9	9.5	7.0	7.0
Equipment	74.7	19.5	4.0	4.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>1,001.4</b>	<b>959.1</b>	<b>969.1</b>	<b>910.8</b>
<b>FUNDING:</b>				
1005 GF/Pgm	1,001.4	959.1	969.1	910.8
<b>POSITIONS:</b>				
PFT	15.0	15.0	15.0	13.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0



\* Includes Supervisory Duties

<b>Alaska Department of Revenue</b> <b>ADMINISTRATIVE SERVICES DIVISION</b> <b>PROPOSED ORGANIZATION CHART - FY 97</b>	TOTAL	ANCH	FBKS	JNU	SEA
	PFT				20
	PPT				
	TEMP				

## Department of Revenue FY97 Budget Overview

# Administrative Services Division

### Overview

The Administrative Services Division (ASD) provides centralized support services to the line divisions and independent corporations that are administratively attached to the department.

ASD has four sections. The Human Resources Section provides centralized payroll administration and personnel support, including ADA, FMLA, EEO and grievance resolution responsibilities. The Fiscal and Budget Section serves as the general accounting section for the department and is responsible for budget preparation, expenditure projections, accounts payable, travel accounting, professional services contract review and records management. The Supply and Mail Services Section implements the Department's purchasing policies and is responsible for general supply support. This section also provides central mail and courier services, lease management assistance and property control. The Data Processing Section is responsible for programming and maintenance support for department-wide information systems. The Data Processing Section is also responsible for working with the other divisions in the department to develop a long term data processing plan for the department.

### Issues

In 1995, we made a careful review of ASD's responsibilities and staff size. We believe we have the appropriate staff size in all areas except data processing. After two years of personnel cuts in FY93 and FY94, the division's staffing level has remained constant for FY95 and FY96. We believe that with the addition of one position, our staff will be the right size to do our job. We will continue to work to achieve efficiencies in our operations and provide stronger support services.

With frequent changes in computer software and hardware, the division's data processing section staff have found themselves working more and more on changing and updating systems. This leaves little time for long term planning and routine maintenance. Full funding of an additional position will allow for broader department-wide support and communication. This is important for two reasons: (1) it will allow each division in the department to do its job better; and (2) it will allow us to function well as a department, by achieving the efficiencies that come with coordinated operations.

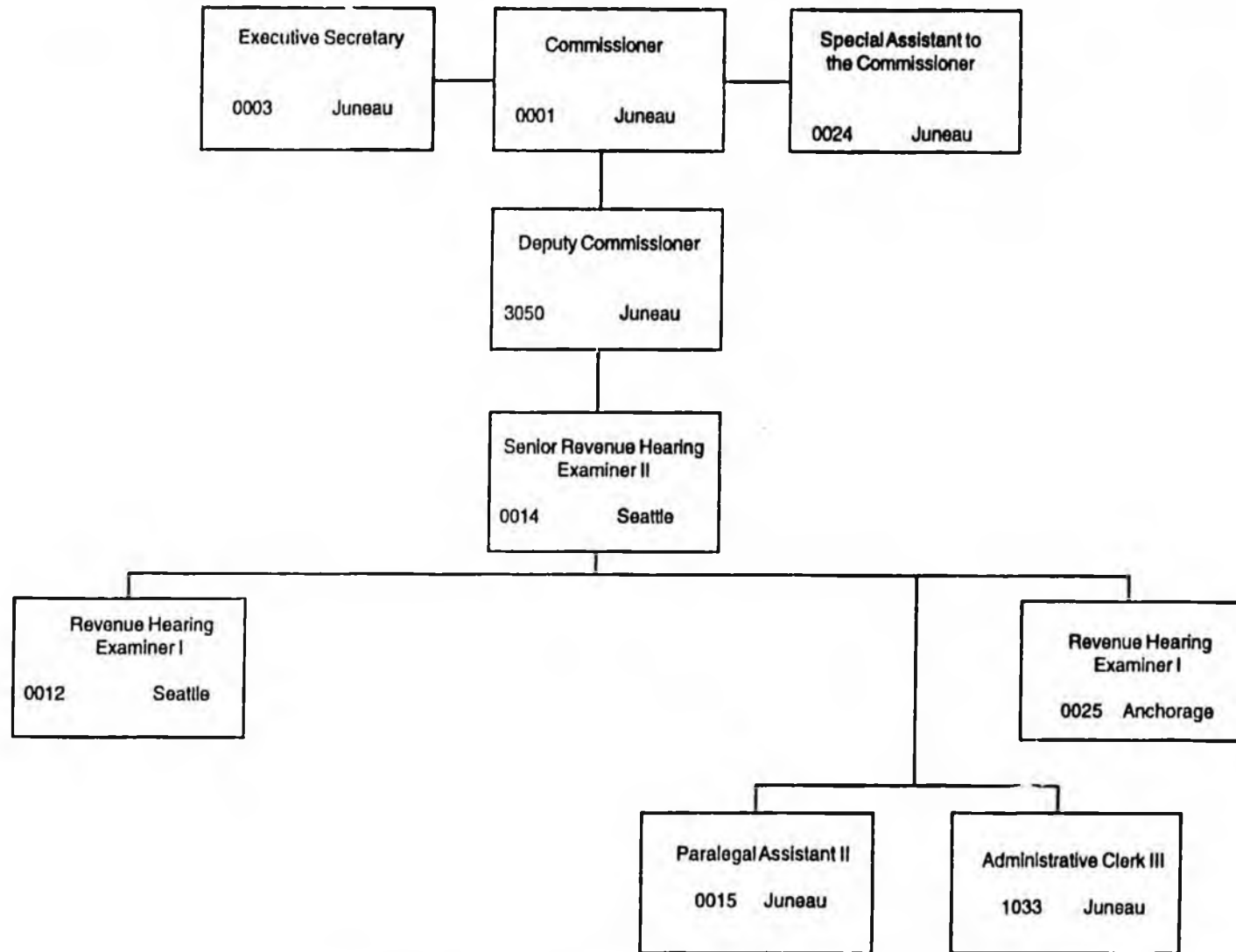
The division has had flat funding levels in FY95 and FY96. We plan to fully absorb inflationary cost increases in travel, contractual and commodities. We do, however, request an increment of \$84,000 in personal services and supplies to fund the DP Tech position and to purchase a new photocopier. This copier would be used by ASD, the Commissioner's Office and the Charitable Gaming Division, while the new DP position addresses the needs identified above.

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**Department of Revenue FY97 Budget Overview**

**Administrative Services Division**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	944.5	934.6	959.3	1,056.4
Travel	10.9	4.0	4.0	5.1
Contractual	44.6	36.6	45.1	63.7
Supplies	6.3	15.4	12.4	14.9
Equipment	22.1	30.0	0.0	333.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>1,028.4</b>	<b>1,020.6</b>	<b>1,020.8</b>	<b>1,173.1</b>
<b>FUNDING:</b>				
1002 Fed Rcpts		300.0	300.0	302.7
1004 Gen Fund	682.9	372.3	372.1	458.8
1007 I/A Rcpts	345.5	348.6	348.7	411.6
<b>POSITIONS:</b>				
PFT	19.0	19.0	19.0	20.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0



<b>Alaska Department of Revenue COMMISSIONER'S OFFICE ORGANIZATION CHART - PROPOSED FY 97</b>				
TOTAL	ANCH	FBKS	JNU	SEA
PFT	1		7	1
PPT				
TEMP				

## Department of Revenue FY97 Budget Overview

### Commissioner's Office

#### Overview

The Commissioner's Office has executive responsibility for the operations of the entire department. In addition, the appeals staff for formal hearings for tax matters, permanent fund dividend appeals, child support enforcement appeals, and charitable gaming appeals are included in the Commissioner's Office. Finally, the Commissioner of Revenue sits on ten boards - seven of which are currently very active. Significant staff time must be devoted by the Commissioner's Office to the Commissioner's responsibility with respect to these boards.

#### Issues

The Commissioner Office has undertaken several major efforts in the past year. First, we have provided support to the Long Range Financial Planning Commission in their deliberations. Second, we have performed a management review of most of our operating divisions; we continue to evaluate the way we are currently fulfilling our responsibilities in the department, and search for innovative ways to improve our work.

As shown in the table below, we have seen a dramatic increase in the number of permanent fund dividend and child support enforcement appeals in the last four years. We do not yet have a full explanation for the increase in these two areas. We have initiated an intense review of appeals in both of these programs.

	Calendar Year			
	1992	1993	1994	1995
Permanent Fund Dividend	639	747	848	1,059
Child Support Enforcement	243	297	452	648
Income & Excise Audit	15	10	7	18
Oil & Gas Audit	1	4	4	4
Charitable Gaming	0	7	3	1
TOTAL	898	1,065	1,314	1,730

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Department of Revenue FY97 Budget Overview

Commissioner's Office

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	639.9	571.3	772.7	687.9
Travel	13.1	30.6	30.6	30.6
Contractual	84.2	317.9	141.6	142.8
Supplies	11.3	17.4	17.4	17.4
Equipment	11.6	48.5	0.0	0.0
Lands/Buildings/GRS	84.6	0.0	0.0	0.0
<b>TOTAL</b>	<b>844.7</b>	<b>985.7</b>	<b>962.3</b>	<b>878.7</b>
<b>FUNDING:</b>				
1002 Federal Receipts	0.0	200.0	200.0	202.3
1004 General Fund	565.6	405.3	481.9	486.4
1007 Interagency Receipts	279.1	380.4	280.4	190.0
<b>POSITIONS:</b>				
PFT	8.0	9.0	9.0	9.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0

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Department of Revenue

# Statutory Basis

## COMMISSIONER'S OFFICE

AS 04 .....	Alcoholic Beverages
AS 09.25.100.....	Disposition of Tax Information
AS 09.50 .....	Escheat (included in Article 2)
AS 10.25.570.....	Electric and Telephone Cooperative Act
AS 14.25.180.....	Teachers' Retirement System
AS 16.10.265.....	Fisheries and Fishing Regulations
AS 16.10.290.....	Security for Collection of Wages & Raw Fish Payment
AS 18.26 .....	Alaska Medical Facility Authority
AS 18.56 .....	Alaska Housing Finance Corporation
AS 25.25 .....	Uniform Reciprocal Enforcement of Support Act
AS 25.27 .....	Child Support Enforcement Agency
AS 34.45 .....	Unclaimed Property
AS 37.05.200.....	Pre-Audit of Receipts
AS 37.10 .....	Alaska State Pension Investment Board
AS 37.10.050-087 .....	Loans to Bond Construction Funds
AS 37.13 .....	Alaska Permanent Fund
AS 37.14.110.....	Public School Trust Fund Established
AS 37.14.011.....	Mental Health Trust Income Account
AS 37.14.120.....	Public School Fund
AS 37.14.200.....	Alaska Childrens Trust Fund Established
AS 37.15 .....	State Bonding Act
AS 37.17 .....	Business Development Programs
AS 38.05.036.....	Net Profit Sharing Lease Audits
AS 39.35.110.....	Public Employees Retirement System, Investments
AS 43 .....	Revenue and Taxation
AS 44.25 .....	Duties of the Department of Revenue
AS 44.82 .....	Alaska Gas Pipeline Financing Authority
AS 44.83.386.....	Power Development Fund
AS 44.85 .....	Alaska Municipal Bond Bank Authority
AS 45.98.050.....	Historical District Revolving Loan Fund, Sale or Transfer of Mortgages and Notes

## ADMINISTRATIVE SERVICES

2AAC 07.930 .....	Administrative Services
AS 36.30 .....	Procurement
AS 37.05.030.....	Financial Reports and Statements
AS 37.05.130-140 .....	Accounting System
AS 37.10 .....	Public Funds
AS 39.20.330.....	Leave Records
AS 39.25.150 (23) .....	Personnel Responsibilities
AS 43.05.010 (2) .....	Duties of the Commissioner
AS 43.23.055.....	Dividend Fund: Duties of the Department

## CHILD SUPPORT ENFORCEMENT

AS 25.27 .....	Child Support Enforcement Agency
AS 25.25 .....	Uniform Reciprocal Enforcement of Support Act
Federal Law 93-647; 96-265; 96-35; 98-378; 100-485 .....	Child Support Enforcement

## Department of Revenue FY97 Budget Overview

# Statutory Basis

### OIL AND GAS AUDIT

15 AAC 05.001-05.320 .....	Administration of Revenue Laws
15 AAC 21.001-21.9700 .....	Oil & Gas Corporate Income Tax
15 AAC 55.010-55.9700 .....	Oil & Gas Properties Production Tax
15 AAC 56.005-56.130 .....	Oil & Gas Exploration, Production, & Pipeline Transportation Property Taxes
AS 38.05 .....	Alaska Land Act
AS 43.56 .....	Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes
AS 43.57 .....	Oil and Gas Conservation Tax
AS 43.21 .....	Oil and Gas Corporate Income Tax

### TREASURY MANAGEMENT

AS 37.05.200 .....	Cash Management: Preaudit of Receipts
AS 37.10.050 .....	Cash Management: Charges for State Services, Collection, Accounting and Deposit of State Money
AS 43.05.150 .....	Cash Management: Collection of Money
AS 37.10.060 .....	Cash Management: Dept. of Revenue to Deposit Money to State Treasury
AS 43.05.170 .....	Cash Management: Payment of Warrants
AS 43.05.180 .....	Cash Management: Accounting for State Funds
AS 44.25.020 .....	Asset Accounting: Duties of Department
AS 18.26 .....	Asset Accounting: Alaska Medical Facility Authority
AS 14.25.180 .....	Real Estate Management: Teachers' Retirement, Custody and Investment
AS 37.12 .....	Real Estate Management: Alaska Resources Corporation
AS 39.35.080 .....	Real Estate Management: Duties of the Commissioner of Revenue
AS 14.40.400 .....	Portfolio Management: Univ. of AK Community Colleges, Fund for Money from Sale or Lease of Land Granted by Act of Congress
AS 14.25.180 .....	Portfolio Management: Teacher's Retirement, Custody and Investments
AS 37.10.070-071 .....	Portfolio Management: Investment of Residual Money, Investment Powers and Duties
AS 18.56.095 .....	Portfolio Management: AHFC, Mortgage Insurance
AS 37.14 .....	Portfolio Management: Trust Funds
AS 18.56.110 .....	Debt Management: AHFC, Bonds and Notes
AS 37.15 .....	Debt Management: Bonding
AS 14.40.803 .....	Alaska Advance College Tuition Payment Fund
AS 39.30.155 .....	Duties of the PERS Board
AS 37.10 .....	Alaska State Pension Investment Board

### PERMANENT FUND DIVIDEND

AS 43.23; 15 AAC 23 .....	Permanent Fund Dividends
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### INCOME AND EXCISE AUDIT

15 AAC 05.001 - 05.320 .....	Hearing Procedures - Administration of Revenue Laws, General Procedures - Administration of Revenue Laws
15 AAC 19.001 - 19.1390 .....	Multistate Tax Compact
15 AAC 20.010 - 20.390 .....	Net Income Tax, Corporate
15 AAC 20.410 - 20.920 .....	Net Income Tax, Oil & Gas Corporate

Department of Revenue

Statutory Basis

INCOME AND EXCISE AUDIT, Continued

15 AAC 35.010 - 35.100 .....	Coin Operated Devices
15 AAC 40.010 - 40.900 .....	Motor Fuel Tax
15 AAC 50.010 - 50.190 .....	Cigarette Tax
15 AAC 60.010 - 60.310 .....	Excise Tax on Alcoholic Beverages
15 AAC 65.010 - 65.990 .....	Mining License Tax
15 AAC 75.010 - 75.300 .....	Fisheries Business Tax
15 AAC 76.010 - 76.290 .....	Salmon Enhancement Tax
15 AAC 77.005 - 77.990 .....	Fishery Resource Landing Tax
15 AAC 80.010 .....	Salmon Prices
15 AAC 116.010 - 116.700 .....	Seafood Marketing Assessment
AS 04.11.610 .....	Liquor License - Refund to Municipalities
AS 09.50 .....	Escheat
AS 10.25 .....	Electric and Telephone Cooperative Act
AS 16.51 .....	Alaska Seafood Marketing
AS 34.45 .....	Unclaimed Property
AS 43.05 .....	Administration of Revenue Laws
AS 43.10; .....	Liquor License - Refund to Municipalities
AS 43.19 .....	Multistate Tax Compact
AS 43.20 .....	Alaska Net Income Tax Act
AS 43.31 .....	Alaska Estate Tax
AS 43.35 .....	Coin Operated Device Tax
AS 43.40 .....	Motor Fuel Tax
AS 43.50 .....	Tobacco Taxes
AS 43.60 ..	Excise Tax on Alcoholic Beverages
AS 43.65 ..	Mining License Tax
AS 43.75 .....	Fisheries Taxes
AS 43.76 .....	Salmon Enhancement Tax
AS 43.80 .....	Average Wholesale Price of Canned Salmon
26 U.S.C. 38.....	Internal Revenue Code
AS 43.10 .....	Enforcement and Collection of Taxes
AS 42.05 .....	Alaska Public Utilities Commission Act
AS 42.06 .....	Pipeline Act
AS 43.77 .....	Fisheries Resource Landing Tax

CHARITABLE GAMING

AS 05.15 .....	Games of Chance and Contests of Skill
15 AAC 160 .....	Games of Chance and Contests of Skill

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**Section 3.**

# **Formula Funded Programs**

**Alaska Department of**

**REVENUE**

**January**

**1996**

## Formula Funded Programs

# Shared Taxes Overview

Shared Taxes include Amusement and Gaming Tax, Aviation Fuel Tax, Electric and Telephone Cooperative Tax, Liquor Licenses Fees, Fisheries Business Tax, and Fishery Resource Landing Tax.

**Amusement and Gaming Tax:** 50% of the net tax collected in a fiscal year for the licensing of coin-operated devices is shared annually to the municipalities in which the revenue was collected.

**Aviation Fuel Tax:** 60% of the aviation fuel tax as reported on information returns is shared semi-annually to municipalities that either own and operate or lease an airport facility. The revenue shared is in the proportion that the revenue was earned at the municipal airport. The amount to be shared is derived from information returns submitted to the Department by fuel providers.

**Electric and Telephone Cooperative Tax:** 100% of the electric and telephone cooperative tax is shared annually to the organized city or borough in which the tax is collected. An electric cooperative is taxed on the number of kilowatt hours sold during the previous calendar year. A telephone cooperative pays a percentage of its gross revenue earned during the preceding calendar year. The tax rate for both types of cooperatives is based on the length of time the cooperative has been in existence.

**Liquor License Fees:** 100% of the net revenue collected from certain types of alcoholic beverage licenses is shared to incorporated cities semi-annually. This pertains only to those cities that have police protection and enforce local ordinances as well as state and federal laws.

**Fisheries Business Tax:** 50% of the tax collected within an organized municipality is shared to that municipality annually. If a municipality is incorporated within a borough and the tax is collected within that city, the tax will be shared equally between the city and the borough of which it is a part. Taxes received from operations within an unorganized borough are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

**Fishery Resource Landing Tax:** 50% of the tax (after .3% ASMI allocation) collected within an organized municipality is shared to that municipality annually. If a municipality is within a borough the amount shared is split equally between the municipality and borough. Taxes received from operations within an unorganized borough are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

## Statutory Basis

### Shared Taxes

AS 43.35.050 .....	Amusement and Gaming Tax
AS 43.40.010 .....	Aviation Motor Fuel Tax
AS 10.25.570 .....	Electric and Telephone Cooperative Tax
AS 04.11.610 .....	Liquor License Fees
AS 43.75.130 .....	Fisheries Business Tax
AS 43.77.060 .....	Fishery Resource Landing Tax

Formula Funded Programs  
**Shared Taxes Summary**

(in thousands of dollars)

Every year the Shared Taxes program is included in the front section of the budget bill. The Office of Management and Budget includes the amounts projected to fund these components in the FY 96 governor's budget summaries. Funding for these programs is not included in the Department of Revenue's operating budget request but is detailed below for informational purposes.

	FY94 ACTUAL	FY95 ACTUAL	FY96 AGENCY ESTIMATE	FY97 AGENCY ESTIMATE
Amusement & Gaming Tax	47.1	47.0	47.0	50.0
Aviation Fuel Tax	120.0	142.8	130.4	130.4
Electric & Telephone Tax	2,500.6	2,286.7	2,300.0	2,300.0
Liquor License Fees	1,340.9*	900.2	900.0	900.0
**Fisheries Business Tax	20,895.9	16,344.3	18,600.2	19,000.0
**Fish Landing Tax	N/A	N/A	2,900.0	3,000.0
<b>TOTAL</b>	<b>24,904.5</b>	<b>19,721.0</b>	<b>24,877.6</b>	<b>25,380.4</b>
<b>FUNDING:</b>				
1004 General Fund	<b>24,904.5</b>	<b>19,721.0</b>	<b>24,877.6</b>	<b>25,380.4</b>

\*Biennial licensing implemented

\*\*Appropriation made in subsequent FY Operating Budget

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**Section 4.**

**Boards,  
Commissions  
and  
Authorities  
Budget**

**Alaska Department of  
REVENUE**

**January**

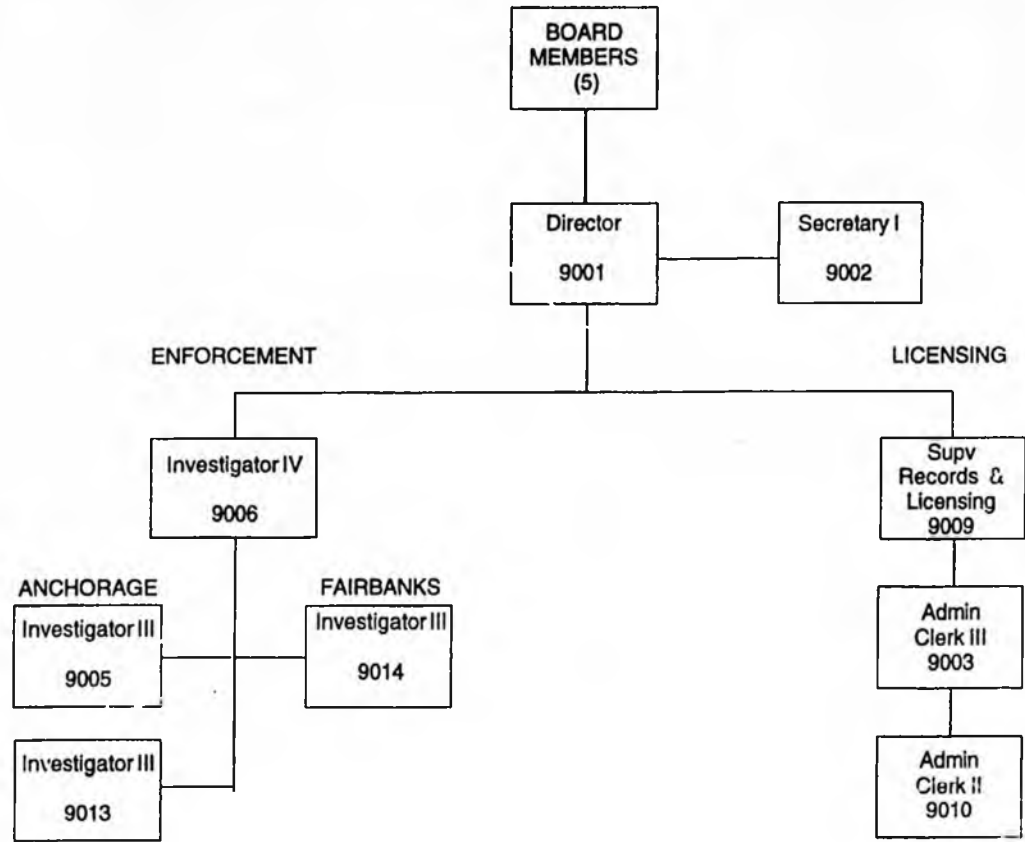
**1996**

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Department of Revenue FY97 Budget Overview

**Boards, Commissions and Authorities Budget Summary**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	11,453.3	21,166.3	20,306.8	21,516.6
Travel	751.5	1,634.9	1,435.1	1,436.1
Contractual	22,319.2	52,655.2	62,173.1	58,732.3
Commodities	429.7	1,543.5	1,270.6	1,271.2
Equipment	68.7	917.7	823.7	694.0
Lands/Buildings	1,450.0	2,425.0	1,457.0	932.0
Grants	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0
<b>Total</b>	<b>36,472.4</b>	<b>80,342.6</b>	<b>87,466.3</b>	<b>84,582.2</b>
<b>FUNDING:</b>				
1002 Federal Receipts	395.0	19,222.8	17,001.0	16,948.0
1005 GF/Program Receipts	626.1	654.3	639.3	647.2
1007 Interagency Receipts	1,123.2	712.3	613.5	629.7
1017 Deferred Compensation	0.0	148.0	45.9	75.4
1022 Corporation Receipts	34,328.1	41,182.9	46,215.7	41,651.6
1029 Public Employee Retire	0.0	10,891.6	12,885.1	14,241.3
1034 Teachers Retirement	0.0	7,255.7	7,852.8	8,228.0
1042 Judicial Retirement	0.0	90.9	100.7	103.4
1045 Military Retirement	0.0	29.1	35.4	16.4
1061 CIP Receipts	0.0	0.0	1,124.1	1,147.7
1092 Mental Health Trust	0.0	155.0	952.8	0.0
1094 Mental HealthTrust Admin	0.0	0.0	0.0	893.5
<b>POSITIONS:</b>				
PFT	204.0	361.0	333.0	350.0
PPT	1.0	40.0	40.0	27.0
Temp	0.0	11.0	10.0	9.0



<b>Alaska Department of Revenue</b> <b>ALCOHOLIC BEVERAGE CONTROL BOARD</b> <b>PROPOSED ORGANIZATION CHART - FY 97</b>				
TOTAL	ANCH	FBKS	JNU	SEA
PFT	8	1		
PPT				
TEMP				

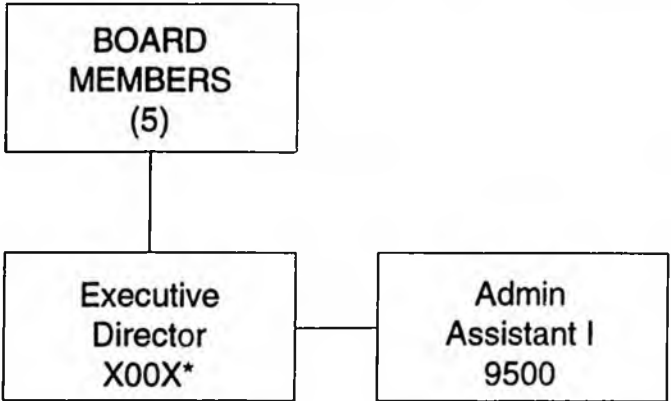
## Alcoholic Beverage Control Board

### Overview

The Alcoholic Beverage Control Board (ABC) is responsible for control of manufacture, barter, possession and sale of alcoholic beverages within the State of Alaska. This control is exercised by board review and consideration of liquor license applications for renewal, issuance and transfer. As a quasi-judicial body, the Board may suspend or revoke licenses and deny applications. The board may also adopt regulations. The ABC Board is in the Department of Revenue for administrative purposes only in accordance with statute.

Five board members are appointed by the Governor for overlapping three-year terms. The Board's staff is charged with enforcing compliance of alcoholic beverage statutes for over 1,800 licensees. Staff activity includes processing all license applications and fees, contacting local governments, inspecting all licensed premises, investigating alleged violations, and developing all agenda matters to be considered by the Board at its monthly meetings. Additionally, the staff conducts public interest hearings on licensing matters at the direction of the Board.

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	547.7	564.6	567.0	565.9
Travel	29.9	29.0	28.0	32.0
Contractual	51.1	153.1	40.2	45.2
Supplies	4.8	3.1	4.1	4.1
Equipment	2.7	3.3	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>636.2</b>	<b>753.1</b>	<b>639.3</b>	<b>647.2</b>
<b>FUNDING:</b>				
1005 GF/Program Receipts	626.1	654.3	639.3	647.2
1007 Interagency Receipts	10.1	98.8	0.0	0.0
<b>POSITIONS:</b>				
PFT	9.0	9.0	9.0	9.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0



\* Includes Supervisory Duties

TOTAL	ANCH	FBKS	JNU	SEA
PFT	2			
PPT				
TEMP				

## Alaska Municipal Bond Bank Authority

### Overview

The Bond Bank is a public corporation created by statute. It has a legal existence independent of and separate from the State. The full faith and credit of the State is not pledged to secure bonds issued by the Bond Bank. The State has pledged its moral obligation for the maintenance of a debt service reserve for the majority of the Bond Bank's bonds.

The powers of the Bond Bank are vested in its Board of Directors. The Board of Directors is comprised of five members representing both the public and private sector. The three private sector members are appointed by the Governor and serve four-year terms. The other members are the commissioners of Revenue and Community and Regional Affairs. The Board appoints an Executive Director to manage the business of the Bond Bank.

The Bond Bank is established to assist small Alaskan municipalities that have difficulty financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks. These communities are often at a disadvantage in the financial markets since they may not have issued bonds or notes, have little outstanding debt, and lack investor familiarity.

The Bond Bank generally sells its bonds on the national bond market and uses the proceeds of its sales to purchase the bonds of Alaskan municipalities, thereby providing these municipalities with the funds for the construction or purchase of their capital projects. Because the Bond Bank has an "A" rating from both Moody's and Standard and Poor's, it is able to borrow money at lower interest rates. As municipalities make principal and interest payments to liquidate their debt with the Bond Bank, the Bond Bank uses these funds to liquidate its debt to its bondholders.

The Bond Bank is organized to work with all Alaskan municipalities, especially new and infrequent issuers of debt for capital projects. From the time a municipality contacts the Bond Bank, legal and financial professionals with extensive experience in Alaskan financing begin working with municipal managers to develop the most advantageous financing program for the community. If it becomes clear that debt financing through the Bond Bank is neither possible nor appropriate, the Bond Bank will continue to work with the local governmental administration to find other means of meeting its financial objectives. In some instances, the Bond Bank is able to relieve municipalities from paying certain costs of issuing bonds, such as printing of official statements, trustee and paying agency fees.

An important reason for the Bond Bank's favorable bond rating and lower borrowing costs is that it secures many of its bonds with a reserve fund supported by the moral obligation of the State of Alaska. The reserve fund is available to cure defaults if they should occur. At least two-thirds of the reserve is from State appropriations; the remainder is funded from proceeds of the Bond Bank's bonds, known as Reserve Fund obligations.

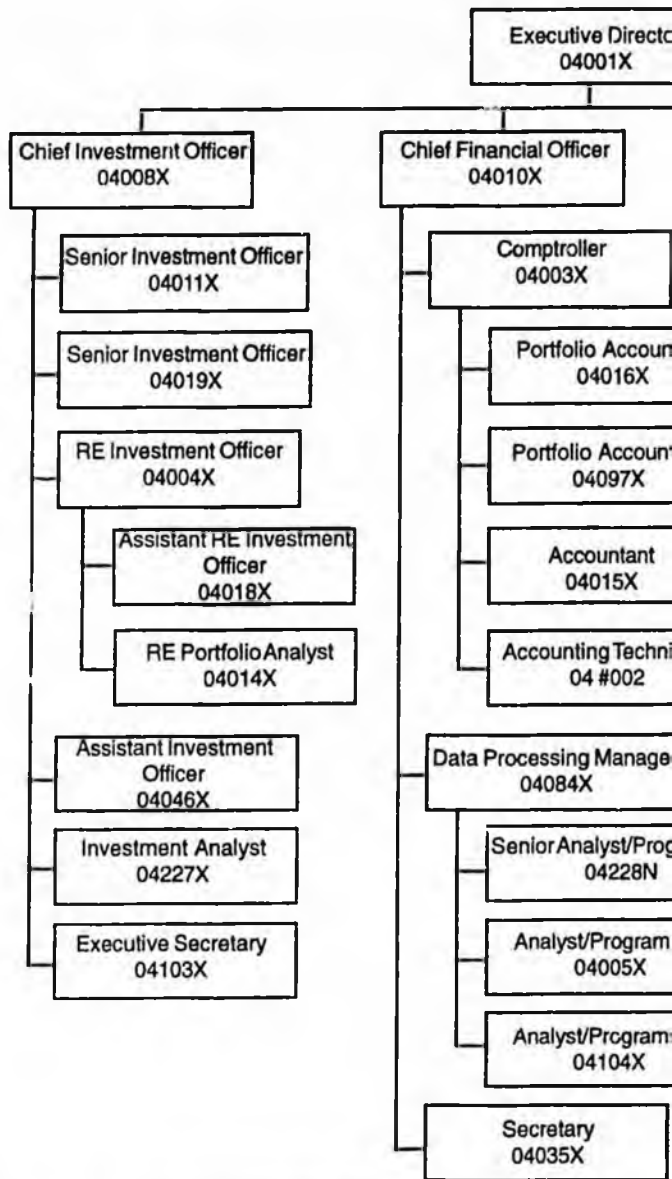
Through the leverage provided by the Bond Bank's programs, a relatively small amount of State appropriated money supports a much greater amount for financing of local government capital projects. The reserve fund is normally used to leverage debt at better than an eleven to one ratio. That is, for every \$1 million placed in the reserve fund, more than \$11 million of outside capital is attracted to the State. Using that leveraging factor, the Bond Bank has sufficient unpledged reserves on hand to issue over \$180 million of bonds under the 1976 Resolution.

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Department of Revenue FY97 Budget Overview

Alaska Municipal Bond Bank Authority

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	153.9	147.7	150.2	145.5
Travel	12.3	11.2	8.3	10.1
Contractual	333.1	374.8	375.8	402.6
Supplies	3.7	6.7	4.0	3.8
Equipment	9.3	0.5	2.6	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>512.3</b>	<b>540.9</b>	<b>540.9</b>	<b>562.0</b>
<b>FUNDING:</b>				
1007 Interagency Receipts	13.1	13.5	13.5	29.7
1022 Corporation Receipts	499.2	527.4	527.4	532.3
<b>POSITIONS:</b>				
PFT	2.0	2.0	2.0	2.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0



**Alaska Department of Revenue**  
**ALASKA PERMANENT FUND CORPORATION**  
**PROPOSED ORGANIZATION CHART - FY 97**

Research & Liaison Officer  
04009X

Executive Secretary  
04013X

Assistant

Specialist

Assistant

Secretary

## Alaska Permanent Fund Corporation

### Overview

The Alaska Permanent Fund Corporation (APFC) is charged with conserving a portion of the State's revenue from non-renewable mineral resources to benefit all generations of Alaskans. The APFC's objectives include: investing to preserve the Fund's principal while maximizing total return over time; maintaining liquidity to allow statutory use of the Fund's realized income; and managing the Fund's assets (currently at a market value of \$18.4 billion) and other assets with professional excellence and in accordance with fiduciary standards.

A six-member Board of Trustees establishes policy. The operations, administration, and implementation of policy are vested with an executive director and, through the executive director, the staff of the Corporation. Primary corporate functions are trustee and executive oversight and leadership, investment of Fund assets; accounting and control of Fund assets and corporate expenditures; communications and public accountability; data processing and technological support; and administrative and interagency support.

### Issues

Based on the amount of assets under management at this time, the APFC's FY97 cost of operations is 15.9 basis points. This level will provide sufficient resources to achieve the mission of the APFC and provide an adequate level of due diligence investment management, accounting and administrative support as well as reliable and objective information on all public policy and Fund-related investment issues.

The APFC operating budget request for FY97 represents a 14.1% reduction from FY96 principally in investment management fees, due to restructuring of investment policy. While certain operating areas have increased, the APFC has reduced other program costs to offset the increases. Areas of reductions in operations include investment management fees, board and staff travel, public information print communications, and supplies.

The personal services line item has increased for FY97 due to the identification of need for three permanent full-time positions: a procurement specialist for procurement functions due diligence and centralization to produce significant cost and time efficiencies in other corporate departments; an accounting technician to relieve portfolio accountants from extensive routine duties so they may increase their investment portfolio due diligence; and a senior analyst/programmer to provide critical ongoing program and equipment support of electronic investment and analytic systems. The analyst/programmer is currently a non-permanent CIP-funded position; APFC is seeking to make the position permanent and to change the funding source.

New programs not requiring overall budget increments are: an \$84.0 increase in office rent for additional space to meet sufficient board meeting needs with appropriate telecommunications capabilities, employee offices, and storage and central files areas; a \$25.0 increase in outside legal counsel related to real estate due diligence; and an increase in equipment for associated costs of new positions, a central filing system, and additional computer equipment. The budget also contains \$100.0 for the codification of those systems, associated policies and procedures to ensure adequate levels of internal control, management information, policy oversight, and overall efficiency and productivity.

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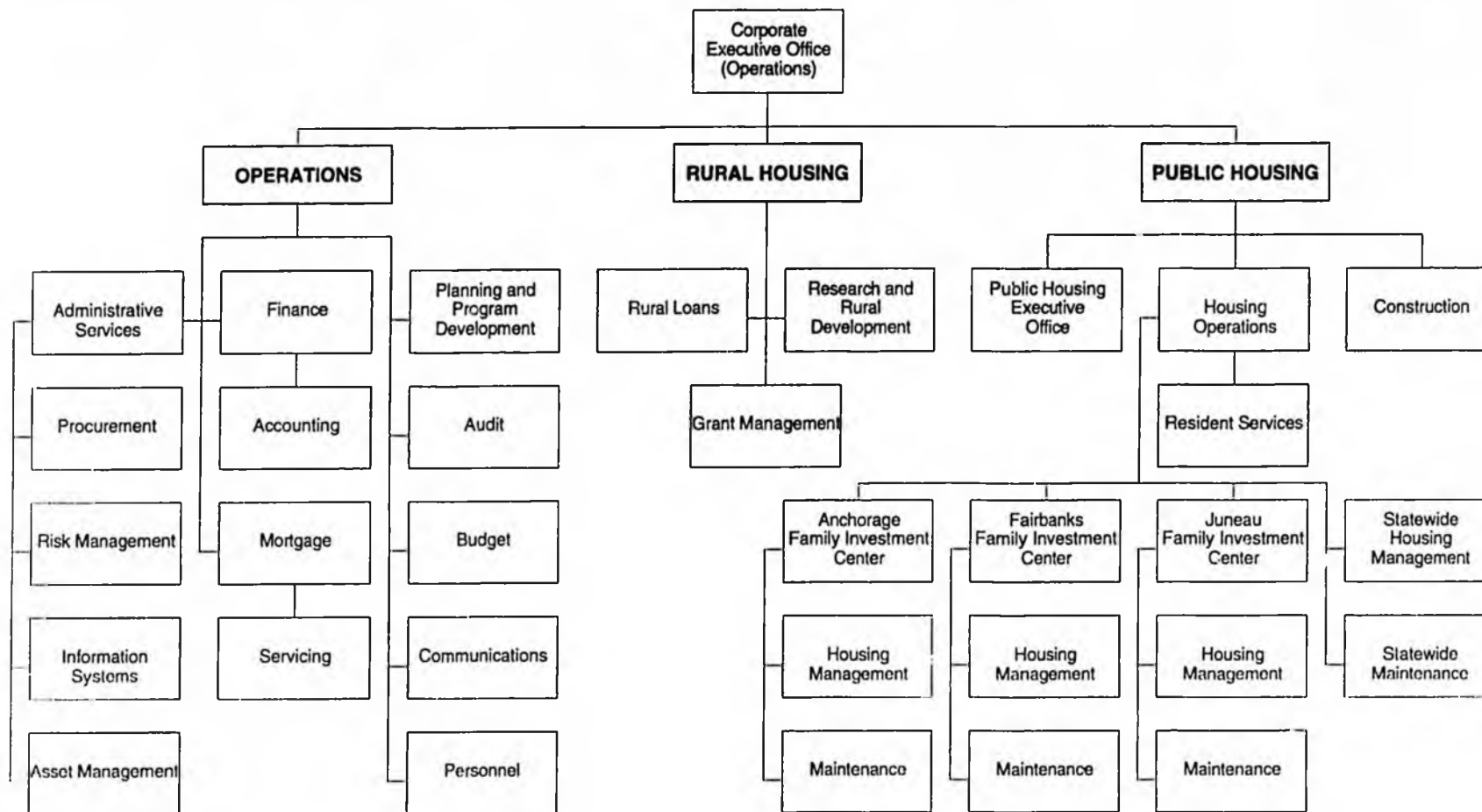
Department of Revenue FY97 Budget Overview

**Alaska Permanent Fund Corporation**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	1,978.8	2,130.2	2,221.9	2,426.1
Travel	270.6	270.6	297.7	290.1
Contractual	18,309.4	24,950.4	31,239.0	26,213.4
Supplies	21.8	44.9	41.2	39.6
Equipment	56.7	62.3	92.8	144.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>20,637.3</b>	<b>27,458.4</b>	<b>33,891.6</b>	<b>29,113.2</b>
<b>FUNDING:</b>				
1022 Corporation Receipts	20,637.3	27,458.4	33,828.4	29,113.2
1061 CIP Receipts	0.0	0.0	63.2	0.0
<b>POSITIONS:</b>				
PFT	26.0	27.0	27.0	30.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0

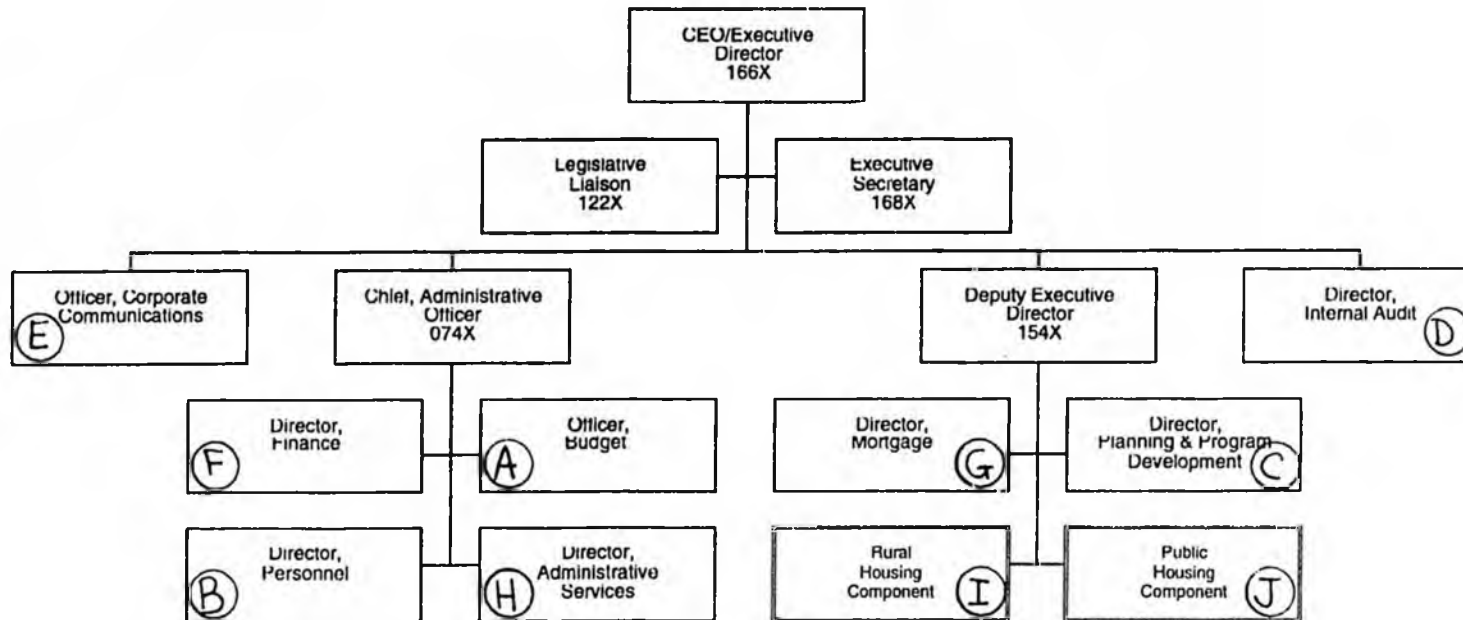
# Alaska Housing Finance Corporation

## FY 1997



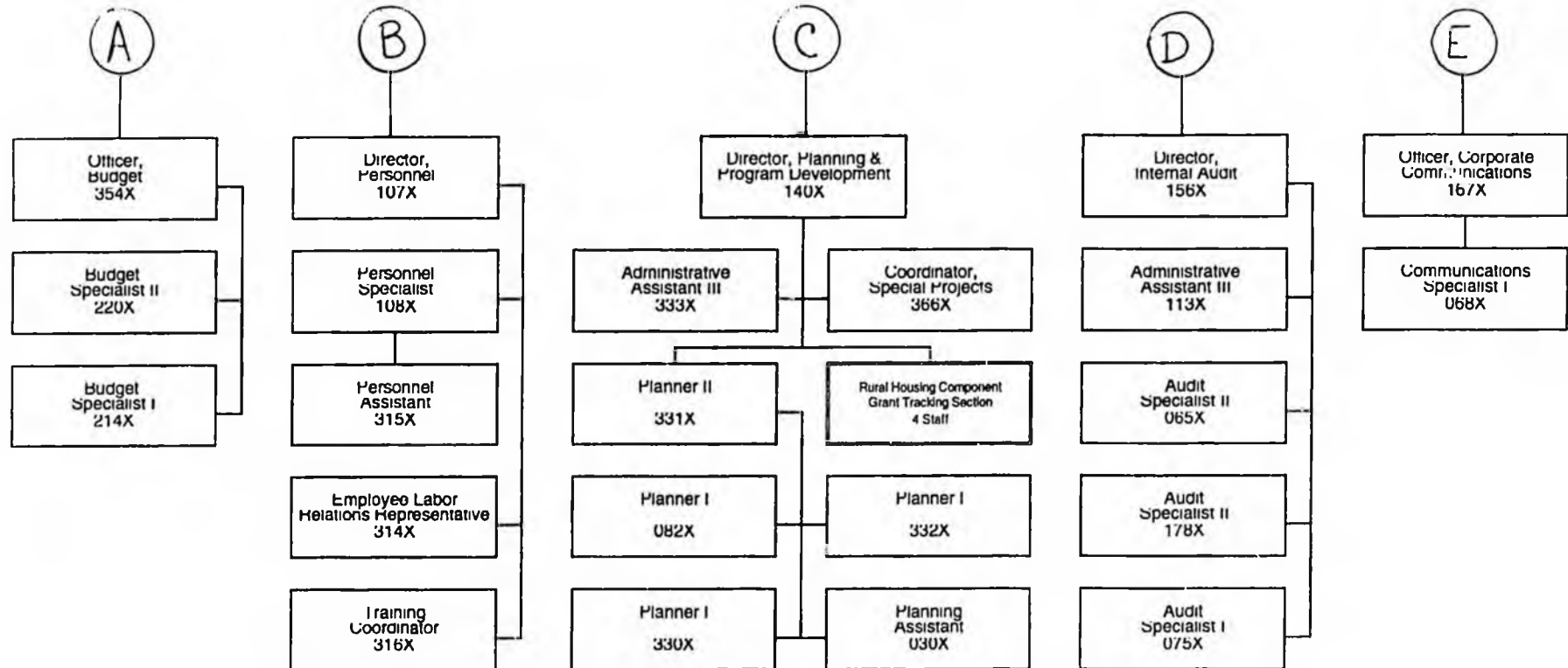
# OPERATIONS COMPONENT

## FY 1997



	Total	Anchorage	Fairbanks	Juneau	Other
PF1		5			
PP1					
Temp					

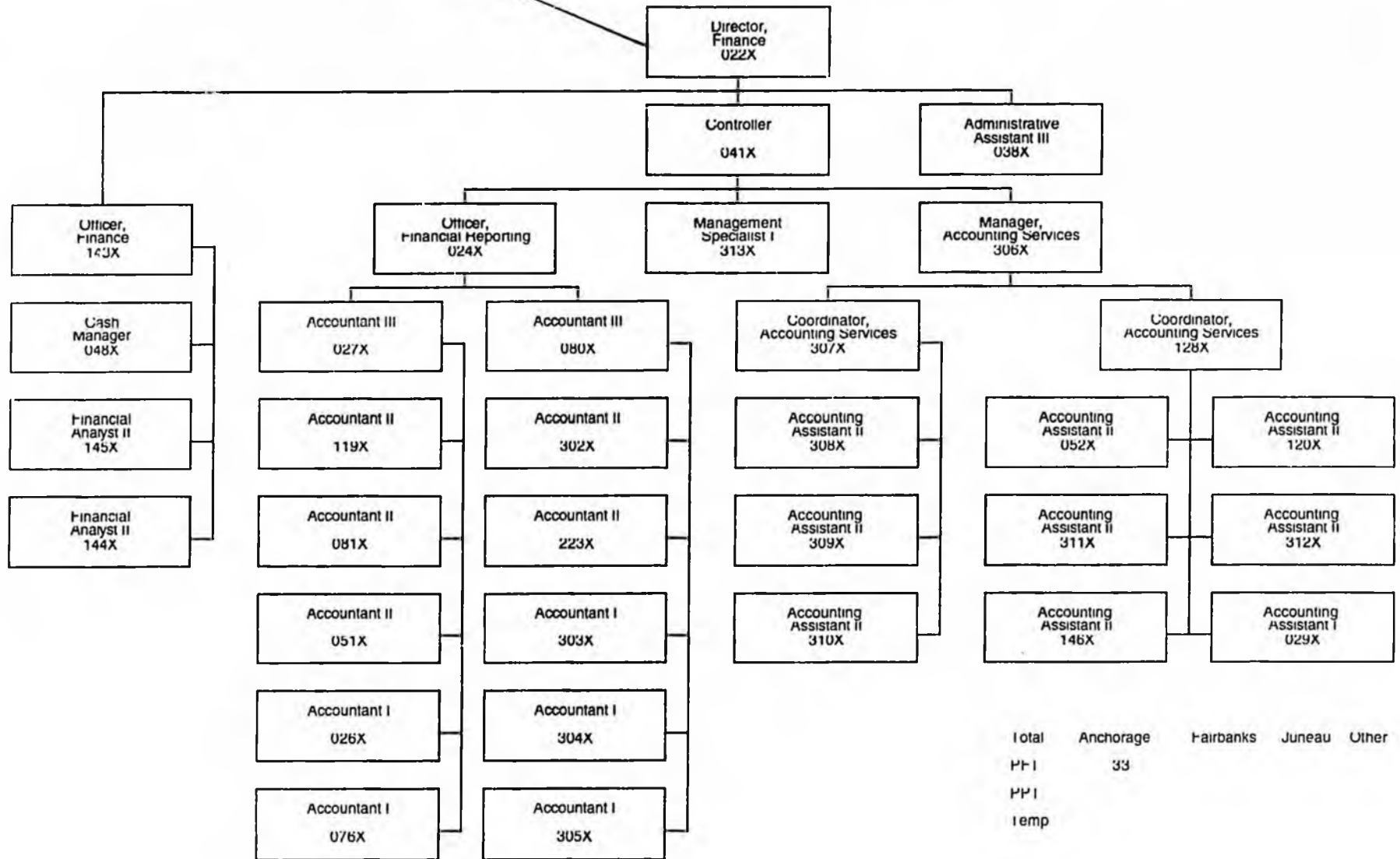
## OPERATIONS COMPONENT FY 1997



Total	Anchorage	Fairbanks	Juneau	Other
PF I	23			
PP I				
Temp				

F

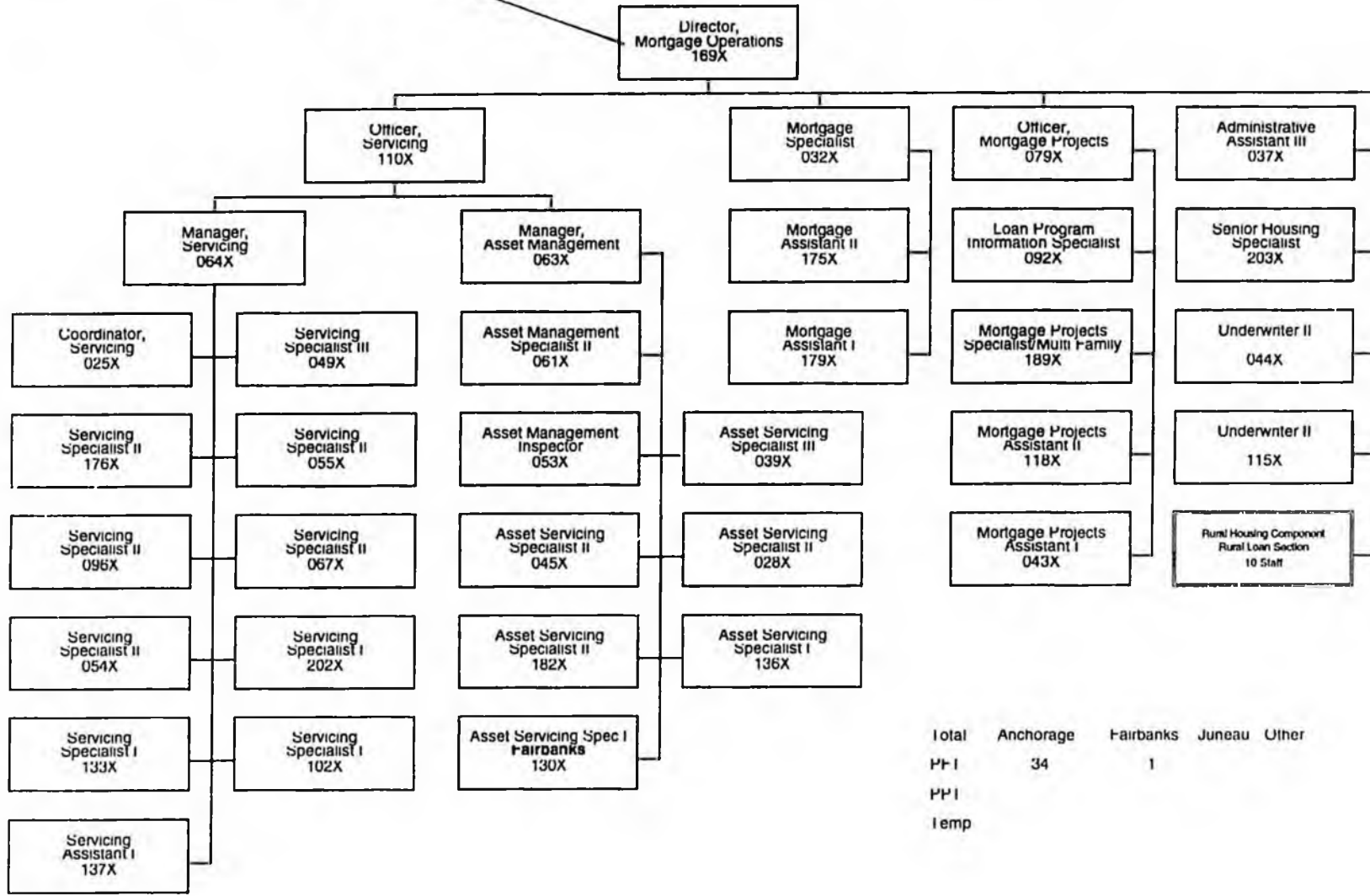
# OPERATIONS COMPONENT FY 1997



Total	Anchorage	Fairbanks	Juneau	Other
PF-I	33			
PP-I				
Temp				



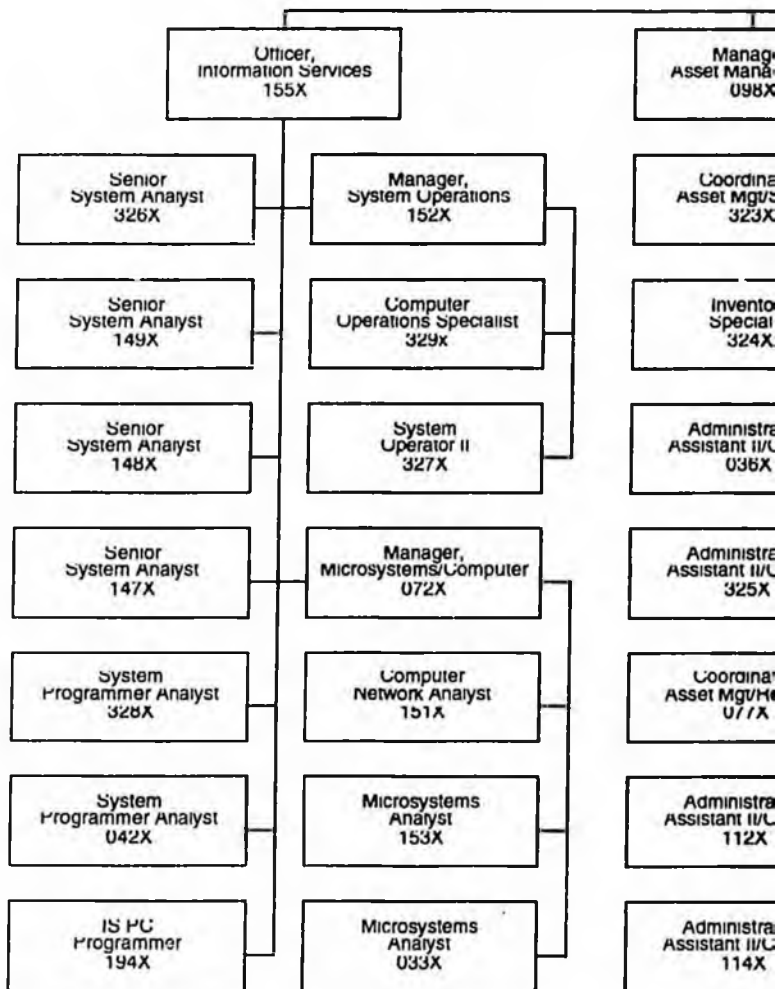
# OPERATIONS COMPONENT FY 1997



Total	Anchorage	Fairbanks	Juneau	Other
PF I	34	1		
PP I				
Temp				

H

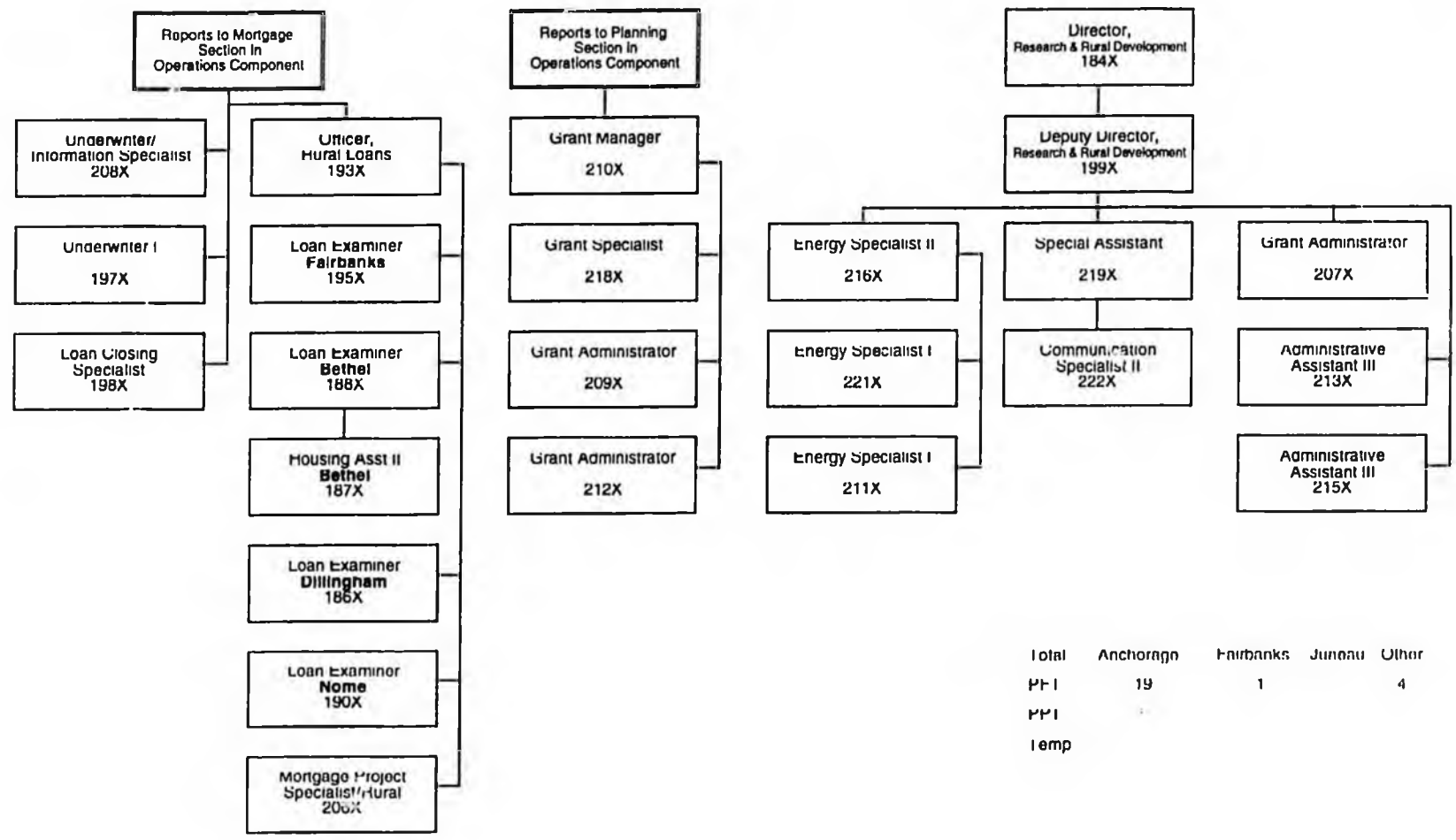
OPER.







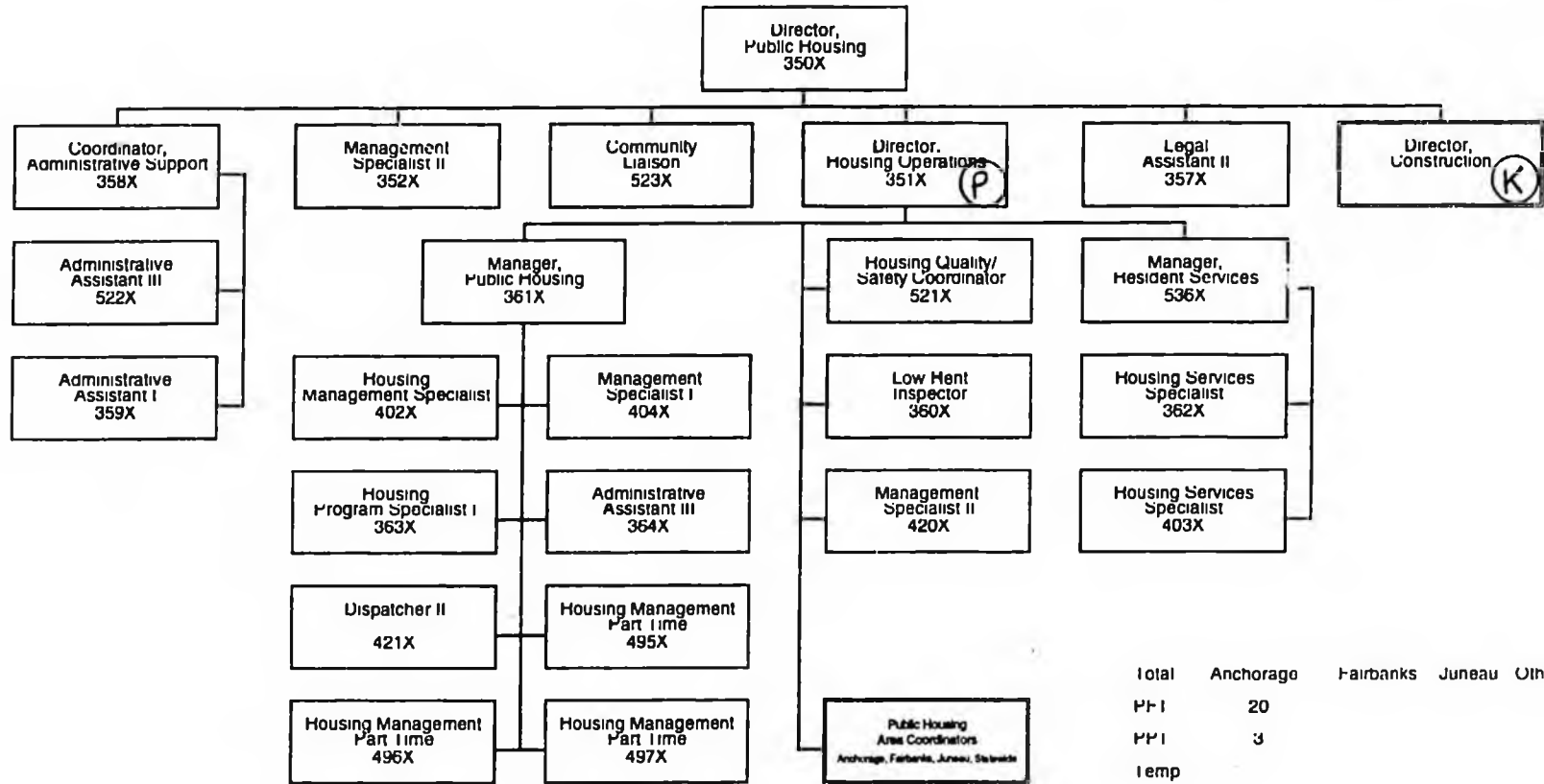
## RURAL HOUSING COMPONENT FY 1997



Total	Anchorage	Fairbanks	Juneau	Other
PF I	19	1		4
PP I				
Temp				

(J)

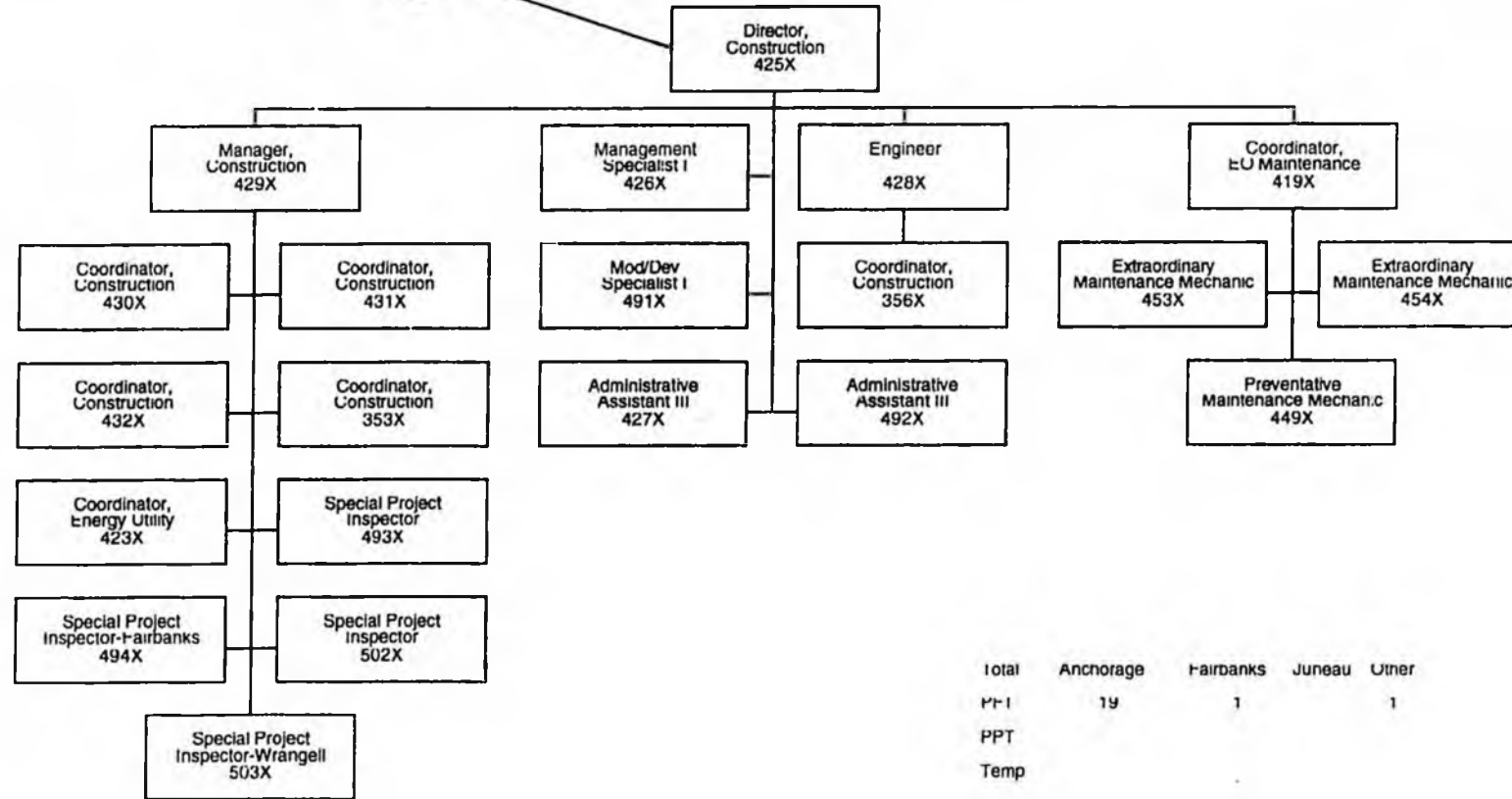
# PUBLIC HOUSING COMPONENT FY 1997



- (L) Juneau
- (M) Fairbanks
- (N) Anchorage

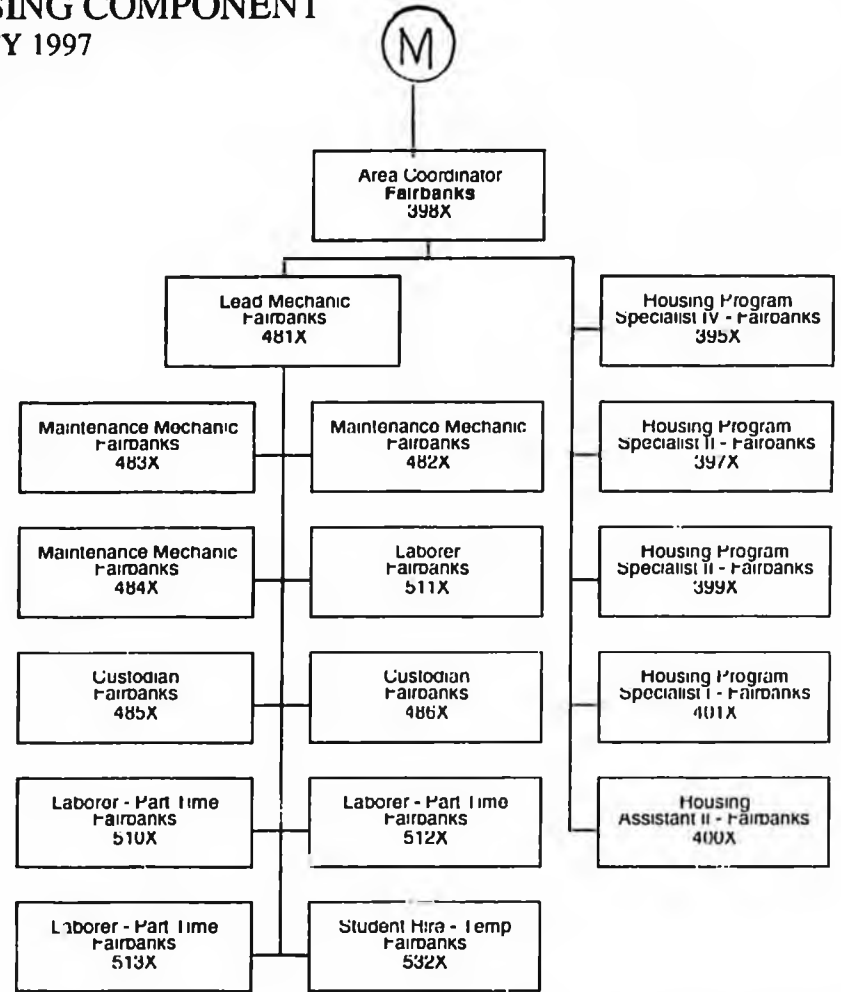
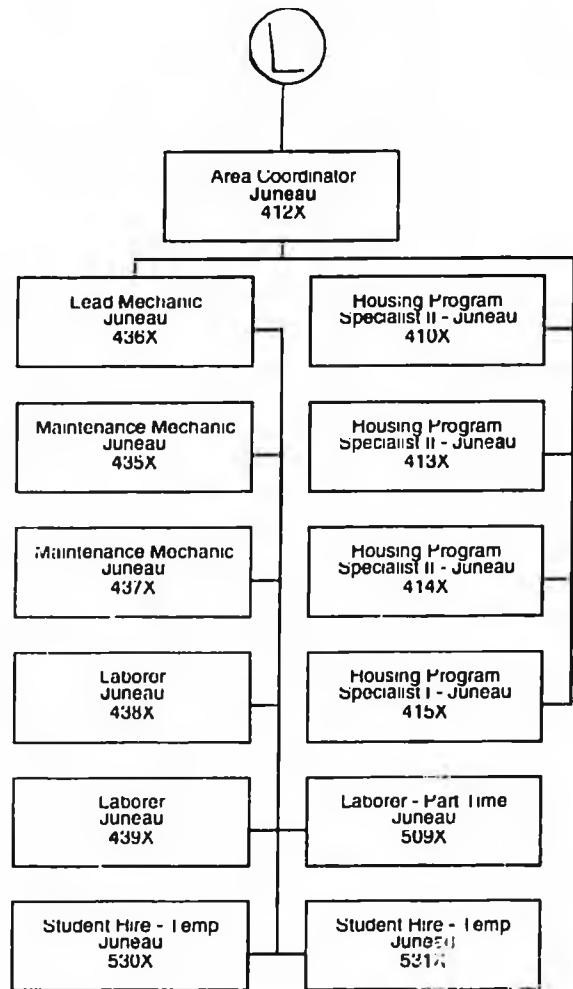
# PUBLIC HOUSING COMPONENT FY 1997

(K)



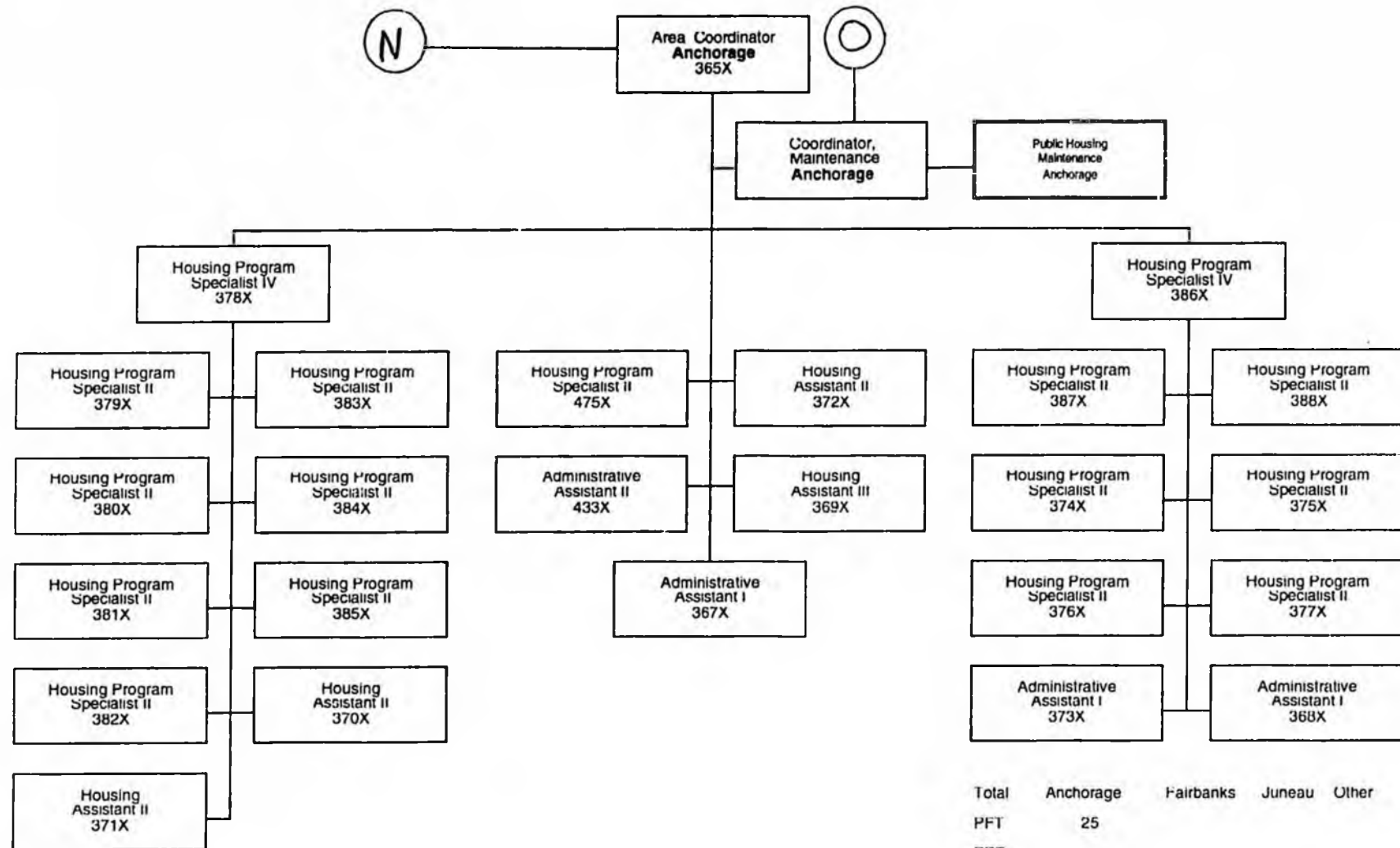
total	Anchorage	Fairbanks	Juneau	Other
PFI	19	1		1
PPT				
Temp				

PUBLIC HOUSING COMPONENT  
FY 1997



Total	Anchorage	Fairbanks	Juneau	Other
PF I		13	10	
PP I		3	1	
Temp		1	2	

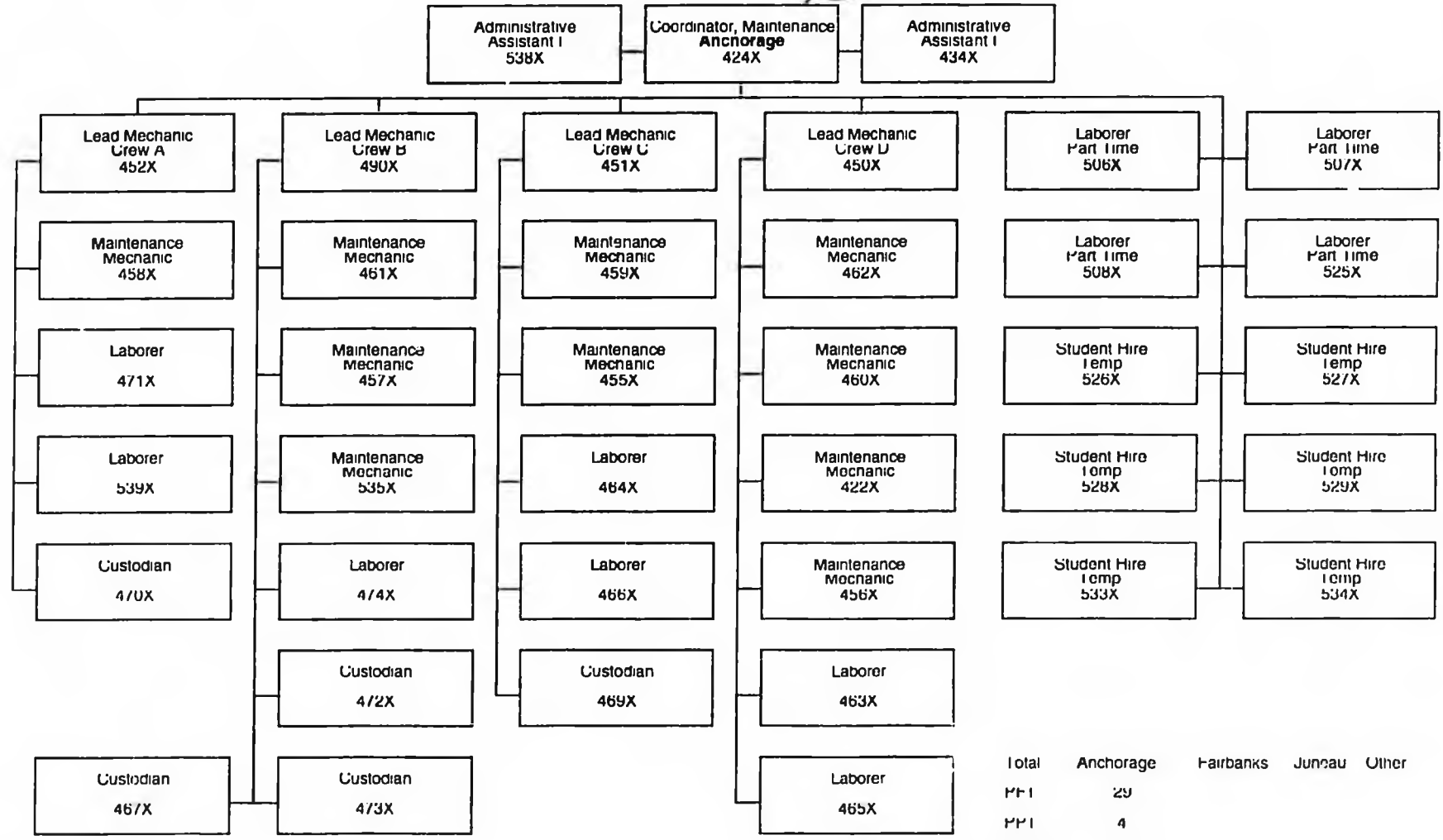
## PUBLIC HOUSING COMPONENT FY 1997



Total	Anchorage	Fairbanks	Juneau	Other
PFT	25			
PPT				
Temp				

# PUBLIC HOUSING COMPONENT

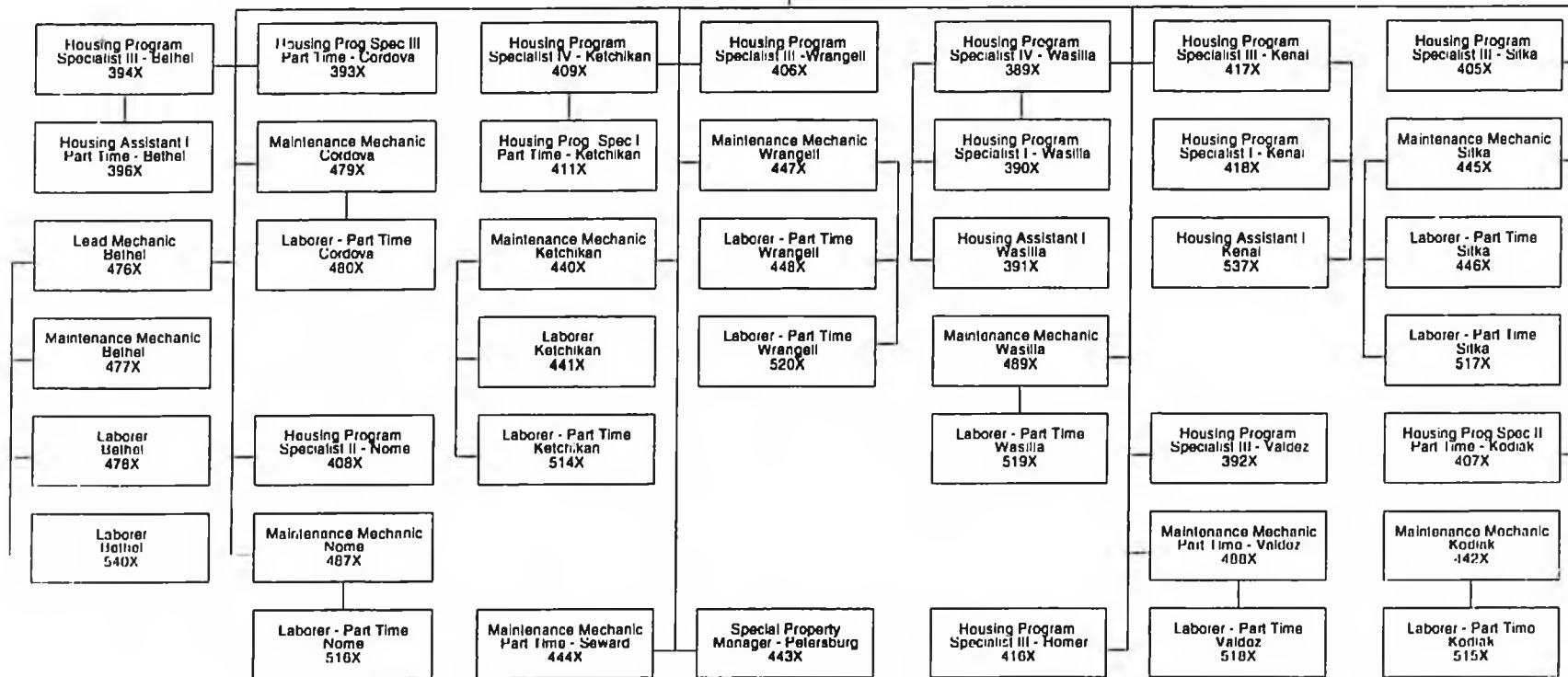
FY 1997



PUBLIC HOUSING COMPONENT  
FY 1997

P

Director,  
Housing Operations



Total	Anchorage	Fairbanks	Junoau	Other
PFT				26
PPT				16
Temp				

## Alaska Housing Finance Corporation

### Overview

AHFC **Operations** provides administrative and technical support to the Mortgage Lending Program, as well as Public and Rural Housing Programs. The Mortgage, Servicing, and Finance departments coordinate financing packages with mortgage lending programs to provide affordable housing to Alaskans. The AHFC's loan activities constitute a significant portion of the Alaskan residential housing market. The majority of funds used to purchase the mortgage loans are generated through the issuance of taxable and tax-exempt bonds. Accounting, Finance, Planning and Program Development, Procurement, Personnel, Communications, Audit, Information Systems, Budget, Asset Management, Risk Management, and Administrative Services sections together provide support to deliver programs and services to clients throughout the State.

The **Rural Housing** Program issues direct loans in rural Alaska. A number of rural programs provide direct assistance to the public through weatherization of existing homes and facilities, or energy-efficient design and construction of new homes and facilities. Incentives are provided to home owners throughout Alaska to complete energy improvements to their homes. Programs are constantly being reviewed and modified to meet the current conditions.

The **Public Housing** Program is primarily funded through the Department of Housing and Urban Development (HUD). The AHFC is the only housing authority in the nation having statewide jurisdiction. The Public Housing Division's efforts concentrate on providing low-income rental housing assistance. The total number of families served is approximately 4,400. Programs are operated with rent income paid by the residents (generally 30 percent of their adjusted gross income) and federal housing program subsidies. Many of the low-income projects are old and in need of major repair. Since federal funds are not sufficient, the corporation is looking for ways to maintain these programs.

Department of Revenue FY97 Budget Overview

**Alaska Housing Finance Corporation  
Operations**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	8,772.9	8,293.7	6,761.3	8,080.1
Travel	438.7	275.7	278.8	242.3
Contractual	3,625.6	3,418.2	3,162.2	3,001.7
Supplies	399.4	425.4	249.7	268.5
Equipment	0.0	233.0	191.0	101.8
Lands/Buildings/GRS	1,450.0	250.0	25.0	0.0
<b>TOTAL</b>	<b>14,686.6</b>	<b>12,896.0</b>	<b>10,668.0</b>	<b>11,694.4</b>
<b>FUNDING:</b>				
1002 Federal Receipts	395.0	1,591.8	1,264.7	1,708.4
1007 Interagency Receipts	1,100.0	0.0	0.0	0.0
1022 Corporation Receipts	13,191.6	11,304.2	9,403.3	9,986.0
1027 Int Airport	0.0	0.0	0.0	0.0
<b>POSITIONS:</b>				
PFT	167.0	145.0	125.0	136.0
PPT	1.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0

Department of Revenue FY97 Budget Overview

**Alaska Housing Finance Corporation  
Rural**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	0.0	1,678.3	1,699.0	1,395.0
Travel	0.0	128.0	148.1	148.1
Contractual	0.0	207.4	646.1	420.8
Supplies	0.0	26.0	17.4	17.4
Equipment	0.0	30.0	22.5	22.5
Lands/Buildings/GRS	0.0	700.0	700.0	700.0
<b>TOTAL</b>	<b>0.0</b>	<b>2,769.7</b>	<b>3,233.1</b>	<b>2,703.8</b>
<b>FUNDING:</b>				
1002 Federal Receipts	0.0	446.8	446.8	324.6
1007 Interagency Receipts	0.0	600.0	600.0	600.0
1022 Corporation Receipts	0.0	1,722.9	2,186.3	1,779.2
<b>POSITIONS:</b>				
PFT	0.0	33.0	30.0	24.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0

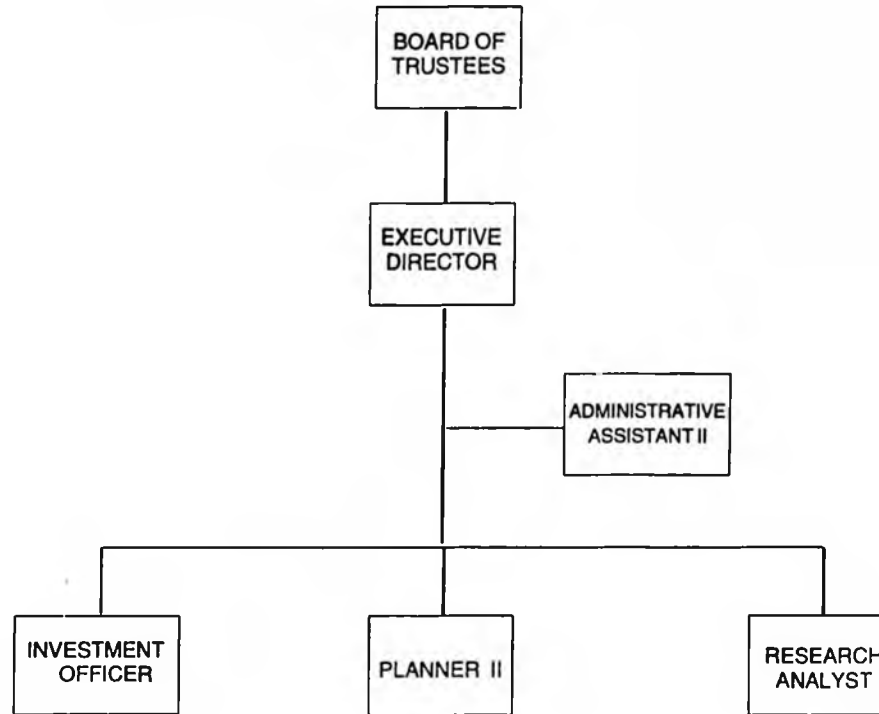
Note: This component did not exist in FY94.

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Department of Revenue FY97 Budget Overview  
**Alaska Housing Finance Corporation**  
**Public Housing**

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services	0.0	8,347.8	8,546.3	8,526.6
Travel	0.0	523.7	408.4	384.9
Contractual	0.0	5,383.6	5,539.2	5,888.8
Supplies	0.0	1,071.3	930.0	886.2
Equipment	0.0	552.8	464.8	385.1
Lands/Buildings/GRS	0.0	1,475.0	732.0	232.0
<b>TOTAL</b>	<b>0.0</b>	<b>17,354.2</b>	<b>16,620.7</b>	<b>16,303.6</b>
<b>FUNDING:</b>	<b>0.0</b>			
1002 Federal Receipts	0.0	17,184.2	15,289.5	14,915.0
1022 Corporation Receipts	0.0	250.0	270.3	240.9
1061 CIP Receipts	0.0	0.0	1,060.9	1,147.7
<b>POSITIONS:</b>				
PFT	0.0	140.0	135.0	144.0
PPT	0.0	40.0	40.0	27.0
Temp	0.0	11.0	10.0	9.0

Note: This component did not exist in FY94.



**Alaska Department of Revenue  
Alaska Mental Health Trust Authority  
PROPOSED ORGANIZATION CHART - FY 97**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	5			
PPT				
TEMP				

## Alaska Mental Health Trust Authority

### Overview

The Alaska Mental Health Trust Authority (AMHTA), established as a result of the Mental Health Lands settlement (Weiss v. State), is responsible for ensuring an integrated comprehensive mental health program for the State and ensuring the proper management of one million acres of land and \$200 million that comprise the Mental Health Lands Trust. In 1995, seven Governor-appointed trustees and the staff of five began to manage the trust for the beneficiaries. The beneficiary groups are the mentally ill, the developmentally disabled, the elderly with Alzheimer's Disease and related dementia, and alcoholics suffering from psychoses. Four advocacy boards (the Alaska Mental Health Board, the Governor's Council for Disabilities and Special Education, the Alaska Commission on Aging, and the Advisory Board on Alcoholism and Drug Abuse) represent each beneficiary group and assist the Trustees in managing the trust.

### Issues

The AMHTA has four major tasks:

1. Develop appropriation recommendations for the State's integrated comprehensive mental health program for the Governor and Legislature.
2. Use a portion of the trust income to augment the mental health program provided by the State. Develop regulations to guide income use.
3. Develop an integrated comprehensive mental health plan in coordination with the Departments of Health & Social Services, Administration and Corrections, and the four advocacy boards.
4. Establish and maintain a contractual relationship with the Department of Natural Resources for management of the mental health lands and with the Permanent Fund Corporation for management of the trust funds.

	FY94 FINAL AUTHORIZED	FY95 FINAL AUTHORIZED	FY96 AUTHORIZED	FY97 REQUEST
Personal Services		4.0	361.1	377.4
Travel		22.7	106.8	106.8
Contractual		56.2	424.9	399.3
Supplies		3.9	10.0	10.0
Equipment		68.2	50.0	0.0
Lands/Buildings		0.0	0.0	0.0
<b>TOTAL</b>		<b>155.0</b>	<b>952.8</b>	<b>893.5</b>
<b>FUNDING:</b>				
1092 Mental Health Trust Inc		155.0	952.8	0.0
1094 Mental Health Trust Admin		0.0	0.0	893.5
<b>POSITIONS:</b>				
PFT		5.0	5.0	5.0
PPT		0.0	0.0	0.0
Temp		0.0	0.0	0.0

Department of Revenue FY97 Budget Overview  
**Alaska State Pension Investment Board**

Overview

The Alaska State Pension Investment Board (ASPIB) acts as the sole fiduciary of the investments of the following 6 State pension funds:

Public Employees' Retirement Trust Fund (PERS)  
Teachers' Retirement Trust Fund (TRS)  
Judicial Retirement Trust Fund (JRS)  
Military Retirement Trust Fund (MRS)  
Deferred Compensation Plan  
Supplemental Benefits System (SBS)

The Treasury Division provides staff to the ASPIB as follows:

The Deputy Commissioner is responsible for all administrative matters that come before the eight member board. These matters include, but are not limited to, preparing for and conducting Board meetings, review of budget documents, legal matters, legislation, professional education of the Board members, and direct oversight of the Treasury Division staff.

The Portfolio Management Section manages the retirement funds within statutory requirements and investment guidelines. Portfolio Management recommends investment policies and asset allocation and implements approved policies. The section directly manages all fixed income portfolios of the PERS, TRS, JRS and MRS. They oversee the activities of those funds' external equity and real estate managers as well as of the external managers of the Deferred Compensation Plan and the SBS.

The Accounting Section oversees the safekeeping and custody of the retirement systems' financial assets. Accounting maintains the accounting records and provides monthly reporting of all investment activity and completes special projects and analysis for the Board as requested. The section provides administrative and data processing support for the other sections of the Treasury Division. Accounting also prepares and monitors the budget for the ASPIB.

The Special Assistant to the Commissioner is the liaison between the ASPIB and the Treasury Staff. This position works closely with the Deputy Commissioner in preparing for and conducting Board meetings, monitoring legal matters, legislation, and coordinating professional education of the Board members.

The Cash Management Section provides banking services including the daily accounting and processing of contributions, investment income receipts and distribution of benefits.

Issues

ASPIB's FY97 budget request reflects a revised budgetary method for the Treasury Division. In the past, some overhead costs of managing the retirement funds have not been accurately reflected in the ASPIB's budget. To revise the allocation, we reviewed the responsibilities of each position in the division. We then performed a cost allocation for each position to each of the state funds managed by the Division, including the retirement funds under the fiduciary control of the ASPIB. Our FY97 budget reflects these allocations to ASPIB. In addition, contractals have increased due primarily to money management fees. These fees are a percentage of funds managed and therefore will increase as funds managed increase through returns and additional contributions. To ensure adequate funds are budgeted for the *maximum* likely management fees, we assume a high range of returns and growth in the funds managed.

Department of Revenue FY97 Budget Overview

**Alaska State Pension Investment Board**

	<b>FY94 FINAL AUTHORIZED</b>	<b>FY95 FINAL AUTHORIZED</b>	<b>FY96 AUTHORIZED</b>	<b>FY97 REQUEST</b>
Personal Services	0.0	0.0	0.0	0.0
Travel	0.0	159.0	159.0	221.8
Contractual	0.0	18,211.5	20,746.7	22,360.5
Supplies	0.0	14.2	14.2	41.6
Equipment	0.0	30.6	0.0	40.6
Lands/Buildings	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>18,415.3</b>	<b>20,919.9</b>	<b>22,664.5</b>
<b>FUNDING:</b>				
1017 Deferred Compensation	0.0	148.0	45.9	75.4
1029 Public Employees Retire	0.0	10,891.6	12,885.1	4,241.3
1034 Teachers Retirement	0.0	7,255.7	7,852.8	8,228.0
1042 Judicial Retirement	0.0	90.9	100.7	103.4
1045 Military Retirement	0.0	29.1	35.4	16.4
<b>POSITIONS:</b>				
PFT	0.0	0.0	0.0	0.0
PPT	0.0	0.0	0.0	0.0
Temp	0.0	0.0	0.0	0.0

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## Boards, Commissions and Authorities

# Statutory Basis

### Alcoholic Beverage Control Board

AS Title 04 ..... Alcoholic Beverages  
15 AAC 104 ..... ABC Board/Licensing

### Alaska Municipal Bond Bank Authority

AS 44.85.020 ..... Alaska Municipal Bond Bank Authority

### Alaska Permanent Fund Corporation

AS 37.13 ..... Alaska Permanent Fund Corporation  
15 AAC 137 ..... Alaska Permanent Fund

### Alaska Housing Finance Corporation

AS 18.55 ..... Housing, Public Building, Urban Renewal and Regional Housing Authorities  
AS 18.56 ..... Alaska Housing Finance Corporation  
15 AAC 118 Article 2 ..... Alaska Housing Finance Corporation  
19 AAC 69 ..... Energy Efficiency  
10 CFR 420 ..... State Energy Conservation Plan  
10 CFR 440 ..... Weatherization Assistance for Low-Income Persons  
10 CFR 465 ..... Energy Extension Service  
24 CFR 41 Policies & Procedures for the Enforcement of Standards & Requirements for Accessibility by the Physically Handicapped  
24 CFR 42 ..... Uniform Relocation Assistance & Real Property Acquisition for Federal & Federally Assisted Programs  
24 CFR 91 ..... State & Local Housing Affordability Strategies  
24 CFR 92 ..... HOME Investment Partnerships Program  
24 CFR 219 ..... Flexible Subsidy Program - Capital Improvement Loans  
24 CFR 574 ..... Housing Opportunities for Persons with AIDS  
24 CFR 575 ..... Emergency Shelter Grants  
24 CFR 576 ..... Emergency Shelter Grants: Steward B. McKinney Homeless Assistance Act  
24 CFR 582 ..... Shelter Plus Care Program  
24 CFR 583 ..... Supportive Housing Program  
24 CFR 600 ..... Comprehensive Planning Assistance  
24 CFR 850 ..... Housing Development Grants  
24 CFR 882 ..... Section 8 Housing Assistance Payment Program - Existing Housing  
24 CFR 886 ..... Section 8 Housing Assistance Payment Program - Special Allocations  
24 CFR 887 ..... Housing Voucher Program  
24 CFR 889 ..... Grant Programs - Housing & Community Development, Low- and Moderate-Income Housing, & Rent Subsidies  
24 CFR 901 ..... Public Housing Management Assessment Program  
24 CFR 941 ..... Public Housing Development  
24 CFR 961 ..... Drug Abuse, Drug Traffic Control, Grants Programs - Housing & Community Development & Public Housing  
24 CFR 963 ..... Public Housing - Contracting with Resident-Owned Businesses  
24 CFR 964 ..... Tenant Participation & Management in Public Housing  
24 CFR 965 ..... FHA-Owned or Leased Projects-Maintenance and Operations  
24 CFR 968 ..... Comprehensive Grants Program  
24 CFR 970 ..... Public Housing Program - Demolition or Disposition of Public Housing Projects  
24 CFR 990 ..... Annual contributions for Operating Subsidy  
45 CFR Subtitle B ..... Family Self-Sufficiency Program

### Alaska State Pension Investment Board

AS 14.25.180 ..... Management & Investment of Fund  
AS 22.25.048(c) ..... Accounting & Investment  
AS 37.10.071 ..... Investment Power & Duties  
AS 37.10.210 ..... Alaska State Pension Investment Board

Boards, Commissions and Authorities

# Statutory Basis

## Alaska State Pension Investment Board, Continued

AS 37.10.211 ..... Alaska State Pension Investment Board  
AS 39.35.080 ..... Duties of the Alaska State Pension Investment Board

## Alaska Mental Health Trust Authority

AS 37.14 ..... Trust Funds / Mental Health Trust  
AS 47.30 ..... Mental Health  
SSSLA Ch 1, 1994 ..... Alaska Mental Health Trust Authority Settlement Income Account

**Section 5.**

**FY97**

**Capital  
Budget  
Requests**

**Alaska Department of  
REVENUE**

**January**

**1996**

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## Department of Revenue FY97 Budget Overview

The FY97 Capital Budget has not yet been released, so our project summaries are not included at this time. We will present our request in a supplement.

**ALASKA DEPARTMENT OF FISH AND GAME**

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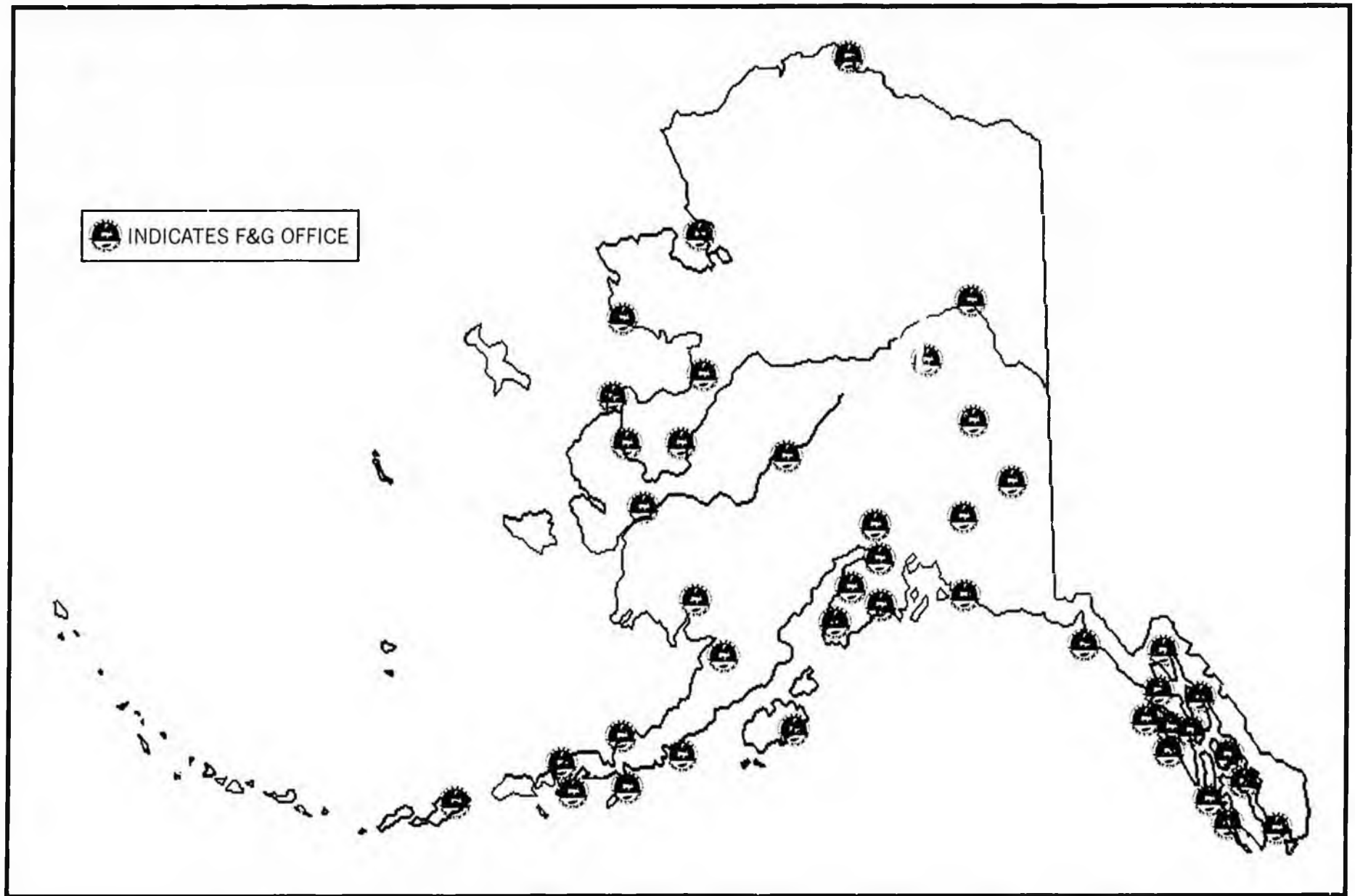
**FY97 Budget  
Overview  
for House Finance  
Committee  
Jan. 22, 1996**



Frank Rue, Commissioner

---

P.O. Box 25526  
Juneau, Alaska 99802-5526  
(907) 465-4100



Fish and Game  
Offices:

Anchorage  
Angoon  
Anvik  
Barrow

Bethel  
Chignik  
Cold Bay  
Cordova  
Craig  
Delta Jcnctn

Dillingham  
Douglas  
Dutch Hrbr  
Emmonak  
Fairbanks  
Fort Yukon

Galena  
Glennallen  
Haines  
Homer  
Hoonah  
Juneau

Ketchikan  
Klawock  
King Cove  
King Salmon  
Kodiak  
Kotzebue

McGrath  
Nome  
Palmer  
Pelican  
Petersburg  
Port Moller

Saint Mary's  
Sand Point  
Seward  
Sitka  
Soldotna  
Tenakee Springs

Tok  
Unalakleet  
Wrangell  
Yakutat

Figure 1

## Fish and Game Percent of Total Budget

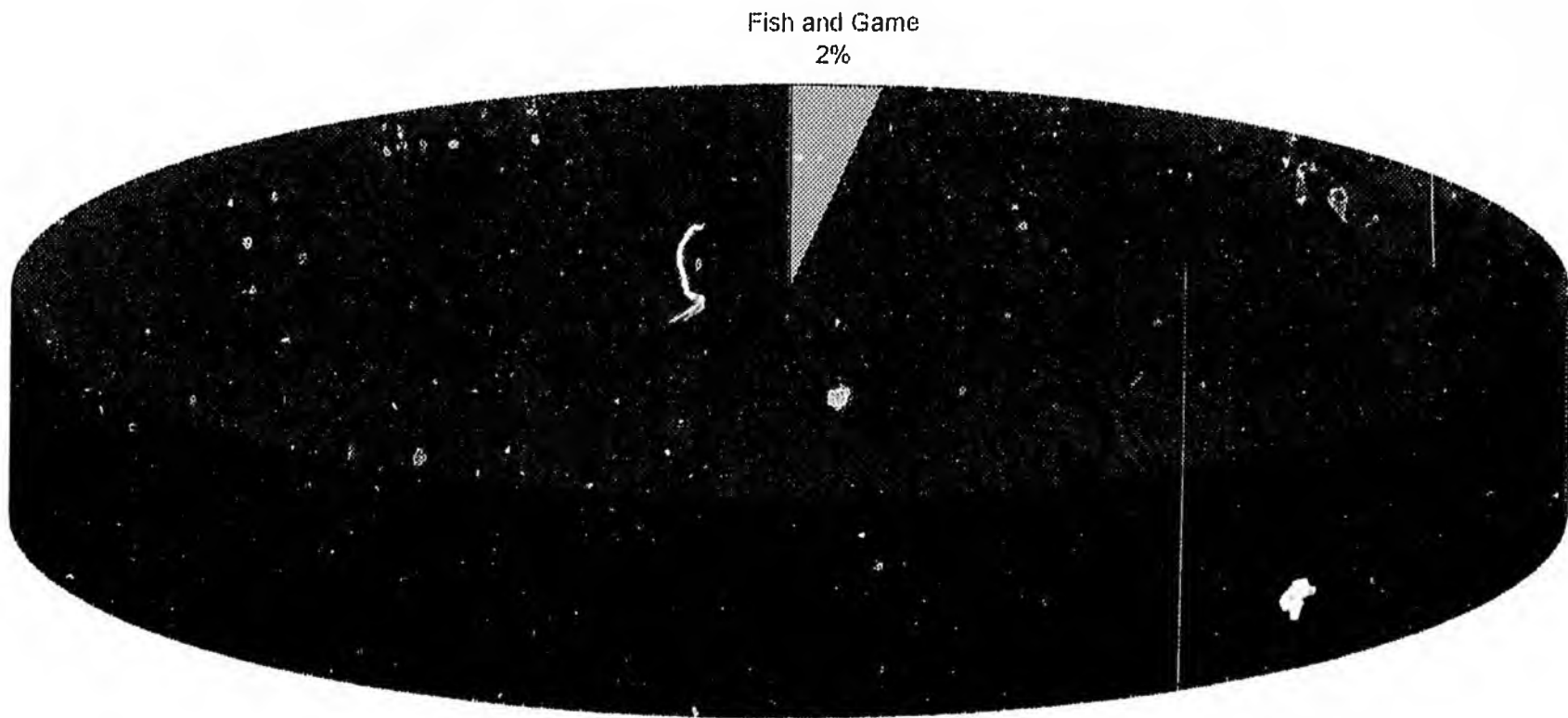


Figure 2

## Fish and Game Funding History

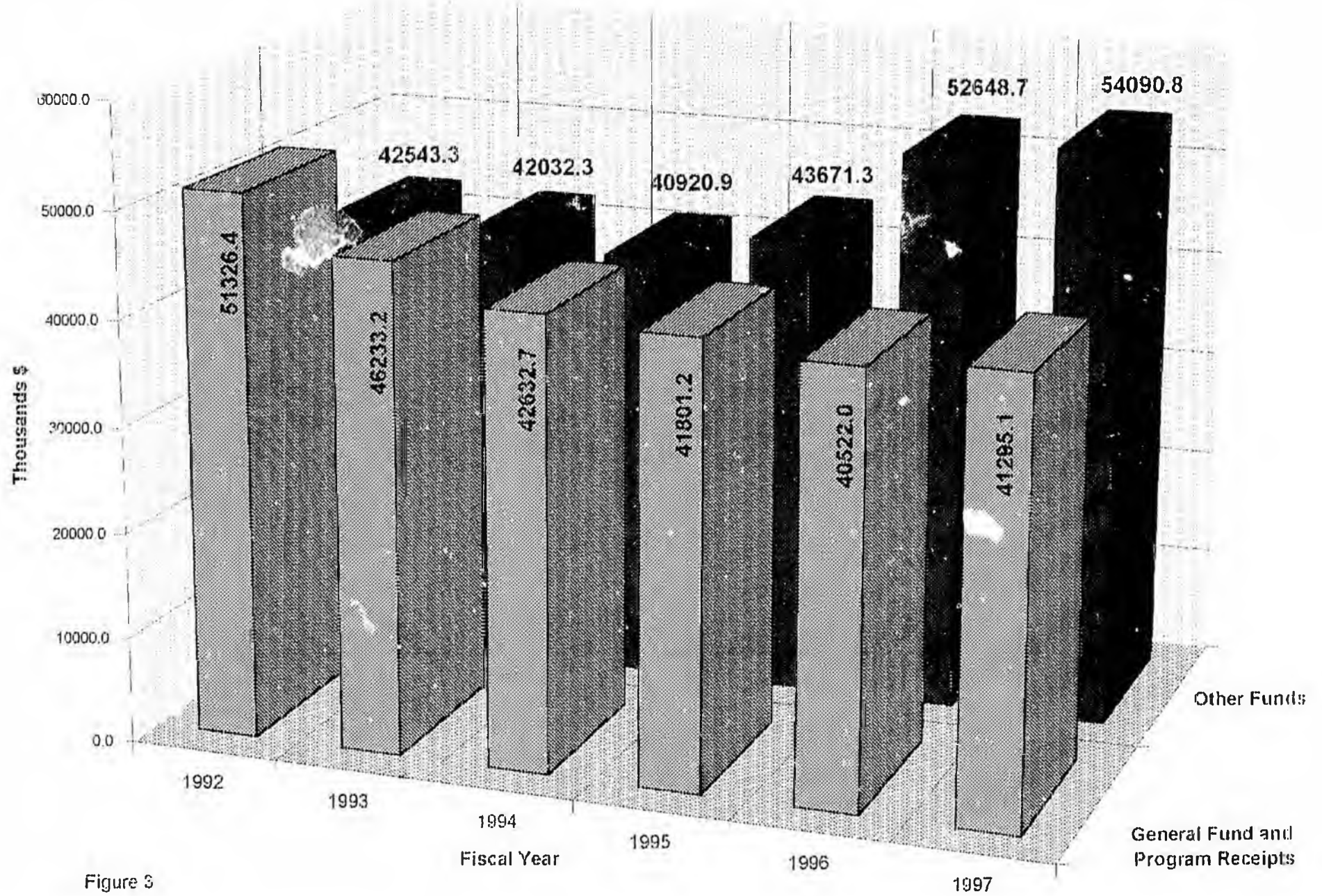


Figure 3

# Fish and Game Funding Sources FY97 Request

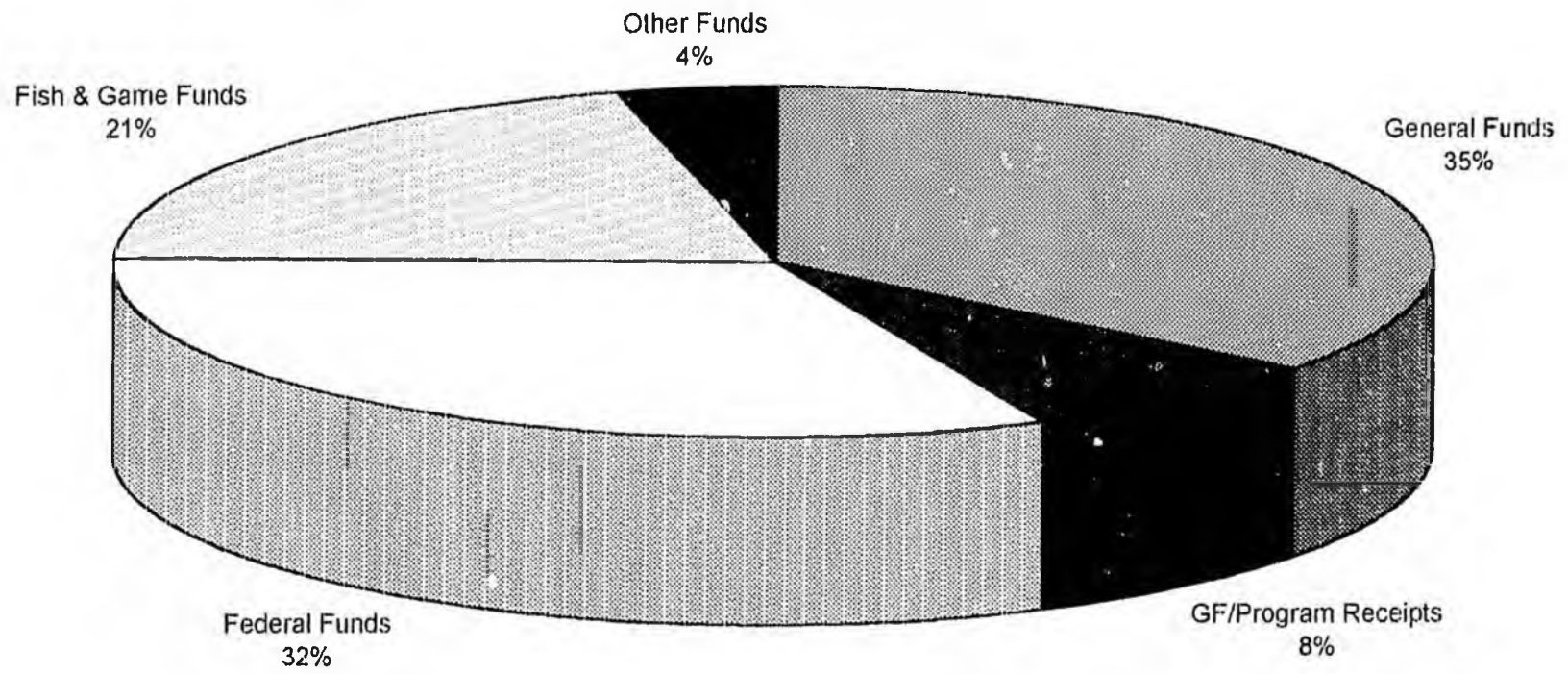


Figure 4

Fish and Game  
FY 97 Budget Request  
Total Funds

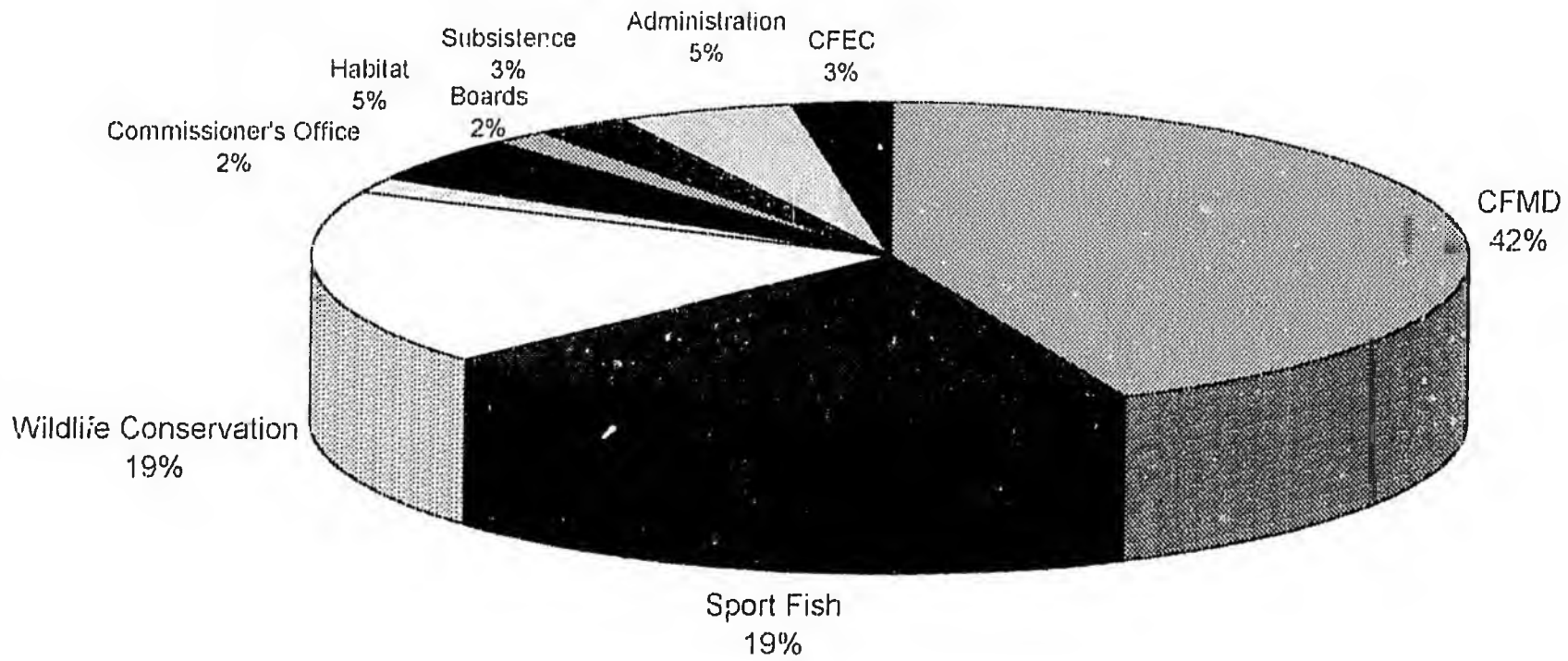


Figure 5

**Fish and Game  
FY97 Budget Request  
General Fund and Program Receipts**

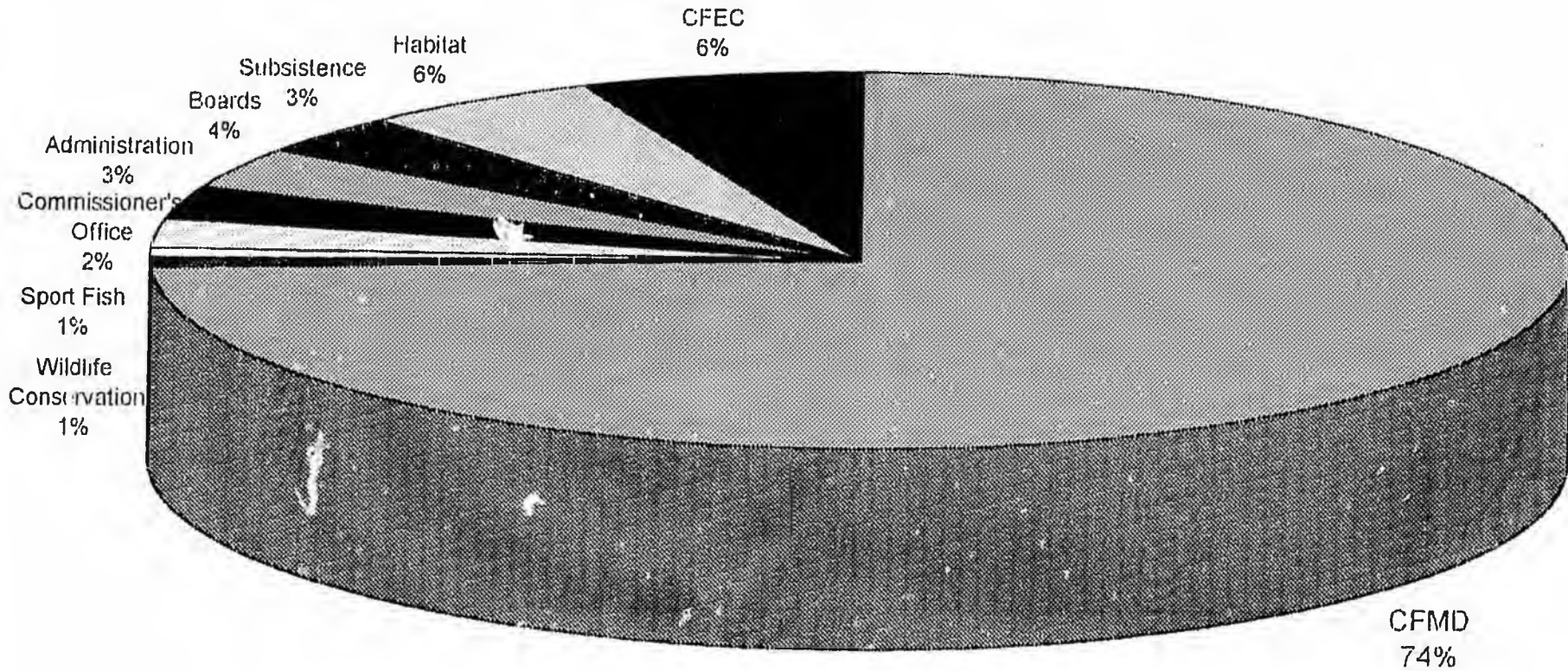


Figure 6

**LEGISLATIVE REFERENCE LIBRARY**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3808  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 400  
Juneau, Alaska 99801-2105

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

HF17 1/24/96 1:37 p.m.

# DMVA OVERVIEW

# **ALASKA DEPARTMENT OF MILITARY & VETERANS AFFAIRS**

## **MISSION**

Department of Military and Veterans Affairs  
provides a relevant, ready, quality force and services  
for Alaskans and the nation.

## **ORGANIZATION**

The Department of Military and Veterans Affairs (DMVA) has some 4,500 full and part-time employees located in 86 communities and villages across the State. The DMVA is organized into five major divisions. They include:

Army National Guard  
Air National Guard

Division of Emergency Services  
State Defense Force  
Naval Militia

Of the five divisions, the Alaska Army and Air National Guard are the two largest. In peacetime, Governor Knowles is Commander-in-Chief. Major General Jake Lestenkof serves as his senior military advisor, the Adjutant General and Commissioner of the DMVA.

The majority of Guardsmen are traditional (part-time) members who serve one weekend per month and 15 days annually. Aircrew members have additional special service requirements that must match the same standards as their active duty counterparts. This kind of commitment is actively sustained by family members, employers, educators and broad community support.

The overwhelming funding, over 97% for the Alaska National Guard, is received from the Federal government. Descriptions and breakouts of the federal funding are enclosed elsewhere as part of this packet.

## ARMY NATIONAL GUARD

The Alaska Army National Guard numbers in 'excess of 2,100 members. Just under 25% (470) are employed fulltime. The Army Guard's headquarters is located at Camp Denali. Major battalion locations include Anchorage, Bethel and Nome. Company headquarters are at Kotzebue, Fairbanks, Kenai and Juneau. Detachments and other elements are located at numerous villages across the State. Members of the Alaska National Guard reside in virtually every district.

Alaska's Army National Guard is increasingly called upon to support America's Army with such missions as the United Nations Peace Keeping Force in the Sinai. The Guard's units are integrating into the United States Army Pacific training and deployment rotations with increasing regularity. Recently, Army Guard soldiers and units trained in California, Arkansas, Louisiana, Washington, Oregon, Hawaii, Japan, Russia, Panama, Guatemala, Honduras, Belize, Costa Rica and Korea.

## AIR NATIONAL GUARD

The Alaska Air National Guard membership, of over 1,850 airmen, are assigned primarily to units at Kulis Air National Guard Base (adjacent to Anchorage International Airport) and to Eielson Air Force Base near Fairbanks. The Headquarters, Alaska Air Guard and the Alaska Rescue Coordination Center are located at Camp Denali. A Combat Communications Squadron is assigned to Elmendorf Air Force Base. Nearly 40% (729) of the force are employed fulltime.

The Air Guard has two major operational units including the 176th Wing and the 168th Air Refueling Wing. There are three primary flying elements within the Wings. The 144th Airlift Squadron and the 210th Rescue Squadron are both assigned to the 176th Wing at Kulis ANG Base. The 168th Air Refueling Squadron is assigned to her parent unit at Eielson AFB. Members of the 210th Rescue Squadron were responsible for saving the lives of 71 Alaskans during 1995. Air Guard members also took part in missions to such places as Sakhlin Island, Turkey, Bosnia, Kuwait, Saudi Arabia, Australia, Singapore and Canada.

## **DIVISION OF EMERGENCY SERVICES**

The Division of Emergency Services (DES) has some thirty State employees. Much of the Division's funding is provided as pass through support from the Federal Emergency Management Agency. DES is charged with protecting their fellow Alaskans by preparing them for disasters and calamities. New leaders emerged within the Division during the 1995 fall floods that hit southcentral Alaska hard. New energy and ideas are developing within the Division, increasing productivity and improved value to the State.

DES is continuing to upgrade local all-hazard disaster plans with community and village leaders across the State. Local Emergency Planning Committees are increasing their activity with support and encouragement from the Division. Likewise, the role of the State Emergency Response Commission is growing in practical effectiveness.

## **STATE DEFENSE FORCE**

The Alaska State Defense Force (ASDF) is an all volunteer backup force to the Alaska National Guard. The ASDF includes nearly 250 members who train one weekend per month. Nearly 80% (of the members) have prior military experience.

ASDF members were called to State Active Duty (subsequently reimbursed by FEMA) during the 1995 fall floods to augment communications, security, transportation and public affairs support for the Alaska Division of Emergency Services. ASDF teams are also involved with supporting the Alaska National Guard Youth Corps Challenge Program for at-risk-youth.

## **ALASKA NAVAL MILITIA**

The Naval Militia is composed of active Naval and Marine Corps Reserve volunteers who perform a dual role in service to their State and nation. During emergencies and disasters, the Naval Militia is capable of bringing up to 130 volunteers forward to provide support similar to the ASDF.

## **SPECIAL PROGRAMS**

*Office of Veterans Affairs.* Funding was restored, during the past legislative session, to allow for restaffing of the State Veterans Affairs Coordinator. The new coordinator is actively engaged with meeting the various veterans groups, advocating for individuals and assessing the ongoing needs of Alaska's 72,000 veterans. His travels include attendance at such events as the upcoming American Legion Southeast Alaska Conference.

*Alaska National Guard Youth Corps ChalleNGe Program.* The Youth Corps is designed to help "at-risk" 16-18 year-olds, who have not completed a high school program, get the education and training necessary to become healthy, contributing and productive citizens of our State and nation.

The program will graduate its fourth class in February. More than 200 young people will have taken the road back.

Congress and the Department of Defense fund this program in 15 states. The program is divided into two phases. During a military regimented 22-week residential phase, students are trained in academic subjects, basic work and healthy life skills, health, physical fitness, citizenship, government, leadership and teamwork skills.

Students are offered a range of opportunities to complete high school diploma or G.E.D. requirements. In some instances even having the time to take college classes. Graduates work on phase two of the program with adult volunteer mentors in their home communities, for up to a year. The program is budgeted at approximately \$3.1 million.

***Alaska National Guard Drug Demand Reduction Program.*** The Drug Demand Reduction Program provides statewide support to federal, State and local agencies through education and awareness projects and activities promoting prevention of substance and alcohol abuse.

During 1995, DDR supported 27 programs or activities while reaching nearly 14,000 youth. The Guard's DDR Program is administered by one fulltime Army National Guard officer and four part-time enlisted soldiers. In addition, 127 volunteers, 35 family volunteers and 244 community volunteers helped make the program work.

The success of the DDR Program is apparent through partnerships with the Alaska Federation of Natives Sobriety Movement, Association of Village Council Presidents, Alaska Division of Alcoholism and Drug Abuse, Federal Bureau of Investigations, Alaska Department of Public Safety, Council on Prevention of Alcohol and Drug Abuse and the Anchorage Police Department among the many.

***Alaska National Guard Counter Drug Support Program.*** Alaska's specially trained National Guardsmen work alongside Alaska State Troopers and various other federal and local law enforcement agencies in the war on drugs. During 1995, the Counter Drug Support Program was responsible for removing more than \$53 million in drugs, drug property and currency from Alaska's streets.

Alaska National Guard support manifests itself through:

1. Domestic cannabis suppression/  
eradication
2. Operational support
3. Transportation support
4. Aerial Reconnaissance
5. Surface Reconnaissance
6. Intelligence analysis
7. Cargo/mail inspection
8. Training
9. Logistical support
10. Communications
11. Engineering support

## ISSUES & CHALLENGES

### ~ Alaska National Guard

- ~ ~ Decreasing ability to maintain facilities
- ~ ~ Potential loss of soldiers, federal impact associated with closing facilities
- ~ ~ Restructuring, re-organizing of Force
- ~ ~ Ensuring relevant, ready Forces to meet Alaska's and the Nation's needs
- ~ ~ Assimilating operations of Bryant Army Airfield
- ~ ~ Recruiting and retaining right mix of young men and women for the Alaska Army & Air National Guard
- ~ ~ Developing leadership training and education to meet the needs of our soldiers now and in the future
- ~ ~ Ensuring a drug free healthy work environment

### ~ Division of Emergency Services

- ~ ~ Restructuring, re-organizing of Division
- ~ ~ Effective management of emergencies
- ~ ~ Review of *Lessons Learned* from recent floods
  - ~ ~ ~ Koyukuk Flood
  - ~ ~ ~ Southcentral Fall Floods

# DMVA BUDGET

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
FY 97 OPERATING BUDGET**

**COMPONENTS:**

Commissioner'S Office \$1,675.7  
(\$299.7 FF; \$1,166.4 GF; \$108.1 GFM; \$101.5 I/A)  
National Guard Facilities Operation & Maintenance \$14,479.3  
(\$10,195.2 FF; \$1,177.8 GFM; \$2,164.1 GF; \$28.4 GFPR; \$837.4  
I/A; \$76.4 CIP)  
Disaster Planning and Control \$3,155.8  
(\$1,115 FF; \$515.2 GFM; \$279.2 I/A; \$1,246.4 I/A Oil Haz)  
Youth Corps \$3,120.5 FF  
Educational Benefits \$28.5 GF  
Retirement Benefits \$2,584.9 GF  
Veterans' Services \$480.0 GF  
Disaster Relief Fund \$9000.0 FF  
State Active Duty \$100.0 I/A

**MAJOR CHANGES**

FY 97 budget request does not include an appropriation of general funds to capitalize the disaster relief fund. The average annual general fund cost for disaster relief efforts is approximately \$5,786,000 based on years FY 91 through FY 95.

An increase of \$1,480,500 in general funds is included to improve the actuarial position of the National Guard and Naval Militia Retirement System.

The Army Guard Facilities Maintenance component reflects a \$367,000 increase in interagency receipts associated with the provision of maintenance services for Alaska Court System facilities in Anchorage and Kenai.

The Army Guard Facilities Maintenance component includes a federal funds increment of \$952,600 for operation and maintenance of Bryant Airfield on Fort Richardson.

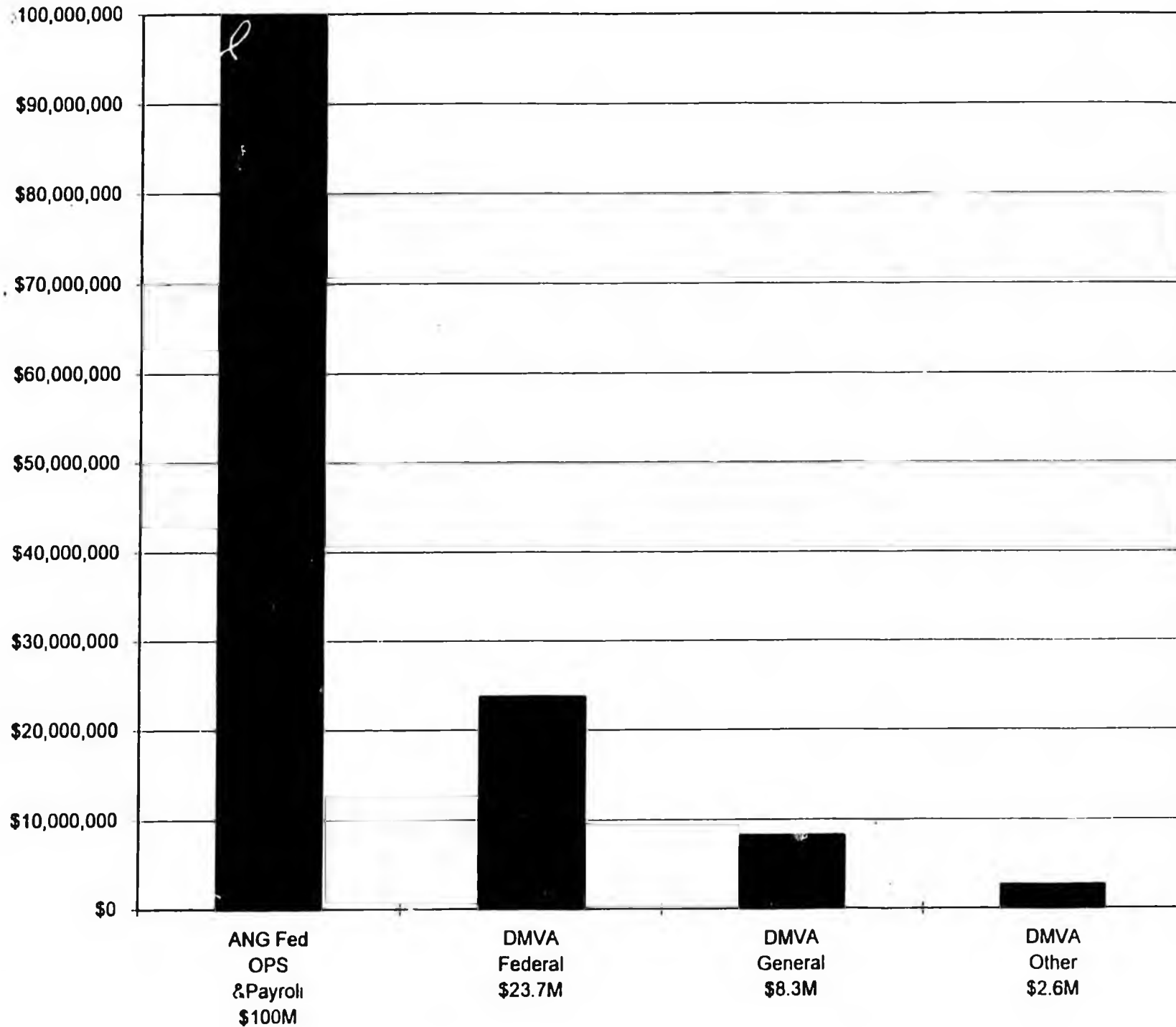
**EFFICIENCIES**

A total of \$307,900 (GF \$204,800) has been reduced from FY 96 authorized amounts. DMVA will be sharing a Director of Administrative Services with DNR. Due to a reorganization and restructuring of the Division of Emergency Services an estimated savings of \$50,100 in personal services will occur. A \$75,000 grant to the Red Cross will be eliminated in FY 97. The Air National Guard is studying the feasibility of contracting for services previously performed internally.

**FY 97 OPERATING BUDGET:**

General Funds: \$8,253,400 Federal Funds: \$23,730,400 Other  
Funds: \$2,640,900 Total: \$34,624,700  
Number of Positions: 162.0

# Department of Military and Veteran's Affairs FY 97 Funding



DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS  
SUPPLEMENTAL INFORMATION FY 97

	GF	GFM	GF/PR	Federal	I/A	470 Fun	CIP	Total	Positions
<b>FY 96 Authorized</b>	<b>5,031.2</b>	<b>1,856.2</b>	<b>28.4</b>	<b>22,725.0</b>	<b>868.8</b>	<b>1,240.2</b>	<b>75.0</b>	<b>31,824.8</b>	<b>156.0</b>
<b>FY 96 Base Adjustments</b>									
Salary Adjustments	23.6	13.2	0.0	59.8	6.4	9.5	1.0	113.5	
DIS Adjustments	1.6	9.4		7.6	-1.0	-0.3		17.3	
Risk Mgt Adjustments	9.3	4.8		22.0	2.3	3.5	0.4	42.3	
National Guard Retirement	1,480.5							1,480.5	
<b>Total Base Adjustments</b>	<b>1,515.0</b>	<b>27.4</b>	<b>0.0</b>	<b>89.4</b>	<b>7.7</b>	<b>12.7</b>	<b>1.4</b>	<b>1,653.6</b>	
<b>Decrements</b>									
Emergency Services-Admin Efficiency		-50.1						-50.1	
Eliminate Red Cross Grant	-75.0							-75.0	
Eliminate Fish and Game 470								0.0	
Fund Support-no longer needed						-6.5		-6.5	
Shared Services Agreement DNR	-47.5							-47.5	
Air Guard-Feasibility of Contracting Services		-32.2		-96.6				-128.8	
<b>Total Decrements</b>	<b>-122.5</b>	<b>-82.3</b>	<b>0.0</b>	<b>-96.6</b>	<b>0.0</b>	<b>-6.5</b>	<b>0.0</b>	<b>-307.9</b>	
<b>Increments</b>									
Emergency Services--FEMA Training Grant & Community Asst. Grant to Ketchikan				60.0				60.0	
Cost Allocation Plan					74.6			74.6	
Bryant Air Field Operations				952.6				952.6	2.0
Maintain Kenai Courthouse					57.6			57.6	
Maintain Anchorage Courthouse					309.4			309.4	4.0
<b>Total Increments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,012.6</b>	<b>441.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1,454.2</b>	<b>6.0</b>
<b>FY 97 Governor's Request</b>	<b>6,423.7</b>	<b>1,801.3</b>	<b>28.4</b>	<b>23,730.4</b>	<b>1,318.1</b>	<b>1,246.4</b>	<b>76.4</b>	<b>34,624.7</b>	<b>162.0</b>
<b>Total Changes</b>	<b>1,392.5</b>	<b>-54.9</b>	<b>0.0</b>	<b>1,005.4</b>	<b>449.3</b>	<b>6.2</b>	<b>1.4</b>	<b>2,799.9</b>	<b>6.0</b>

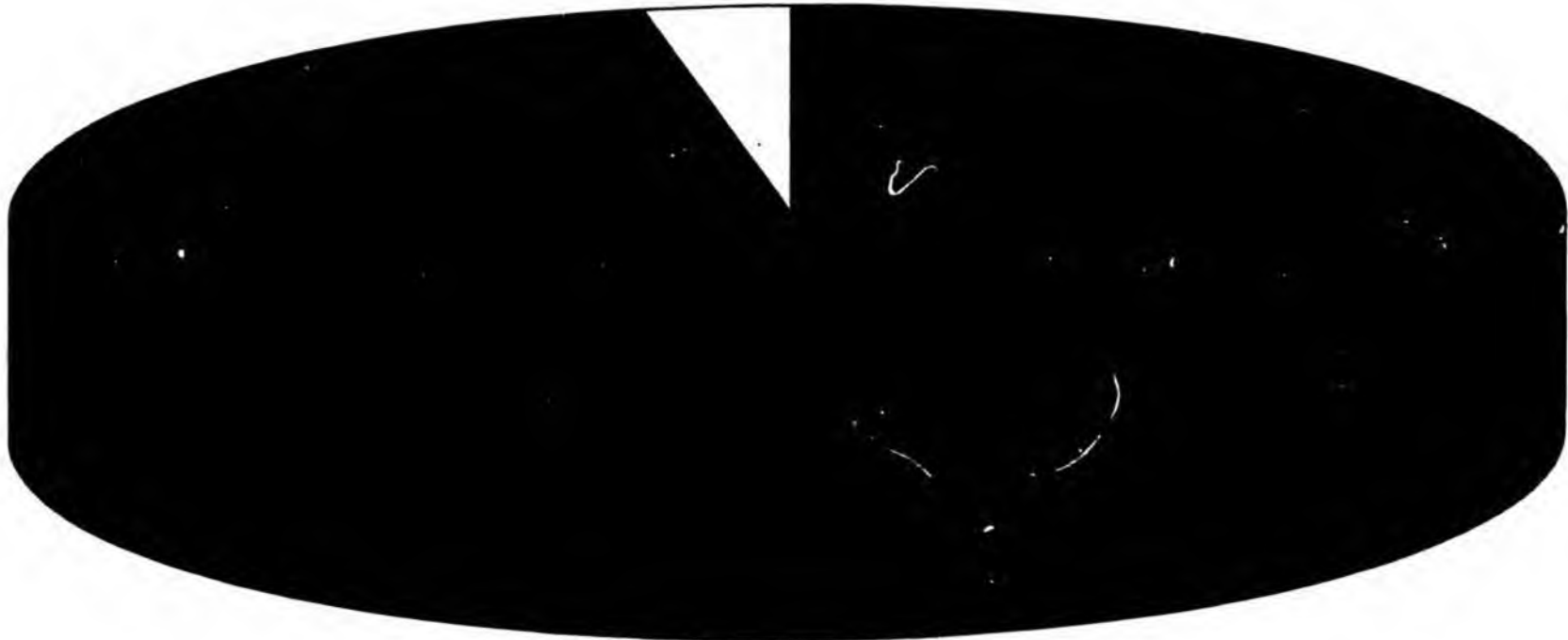
# DMVA FACILITIES

## CRITICALITY OF STATE SUPPORT TO GUARD FACILITIES

- Air National Guard operates out of two locations, Kulis in Anchorage and Eielson in Fairbanks. Asset value of facilities at both locations comes to \$205.0M. Asset value of aircraft and equipment at both locations comes to \$446.0M. \$890.8 in general funds, over \$3.3M in federal funds and \$72.0M in federal budget operations and payroll are associated with these two facilities.
- Army National Guard operates out of 107 facilities throughout the state. Asset value of all facilities is over \$157.0M. \$2,479.5 in general funds, \$6,849.7 federal funds and \$28.0M in federal budget operations and payroll are associated with these facilities.
- As DMVA's ability to maintain facilities decreases, facilities must be closed to ensure minimum standards are met on remaining facilities.
- As facilities are closed, the soldiers associated with those facilities are either reassigned or decommissioned. The state loses federal payroll jobs.
- Alaska National Guard Federal operations and payroll amount to \$100M annually.
- Closing facilities can be compared to base closures on the National level.

**Alaska National Guard Facilities-Funding Sources  
Includes Federal Payroll Associated with Facilities**

GENERAL FUNDS



FEDERAL FUNDS

FY 97 Governor's Requested general funds for Army and Air Guard	3,370,300 = 3%
Federal Funds Requested in the Governor's Budget	10,195,200
Federal Funds Not in State Budget but Tied to State Funding	99,755,849
<b>Total all Funding Sources</b>	<b>\$109,951,049 = 100%</b>

419.0	Army Guard GF+PR
2060.5	Army Guard GFM
787.2	Air Guard GFM
<u>103.6</u>	Air Guard GF
<b>3370.3</b>	

**ALASKA COMMISSION ON  
POSTSECONDARY EDUCATION**

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**ALASKA STUDENT LOAN  
CORPORATION**

**FY 97 Budget Overview**

**Diane Barrans  
Executive Director**

**January 1996**  
(1/23/96 Version)

## TABLE OF CONTENTS

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ACPE/ASLC Mission and Goals .....	5
FY97 Budget Summary and Comparison .....	7
ACPE/ASLC Operational Budget Components.....	9

**Alaska Commission on Postsecondary Education**

**Members**

Eric Forrer, Chair	Board of Regents
Bobette Bush, Vice Chair	Community Colleges
Mark Begich	General Public
Rosa Foster	General Public
Charlie Parr	General Public
Scott Sterling	General Public
Senator Johnny Ellis	Alaska State Senate
Rep. Con Bunde	Alaska House of Representatives
Roger Jarvis	Board of Education
Mary Jane Fate	Board of Regents
Vacant	Governor's Council
Vacant	Private Higher Education
Milton Byrd	Proprietary Education
Paige Adams	Student

**Alaska Student Loan Corporation**

**Members**

Mark Begich, Chair	Postsecondary Commission
Eric Forrer	Postsecondary Commission
Wilson Condon	Commissioner of Revenue
Mark Boye	Commissioner of Administration
Willie Hensley	Commissioner of Commerce and Economic Development

## GENERAL DUTIES AND RESPONSIBILITIES

### **Alaska Commission on Postsecondary Education (ACPE)**

- **Consumer Protection**

- Monitor school advertising and contracts with students.
  - Handle customer complaints.
  - Assure loan/tuition refunds and student teach-outs when schools close.
  - Gather information on student loans available to residents of Alaska and disseminate the information to reasonably assure that qualified residents are aware of financial resources available to those attending or desiring to attend institutions for which the corporation can make loans.

- **Institutional Authorization**

- Provide biennial review and re-authorization for approximately 80 postsecondary institutions.
  - Regulate program and degree offerings.
  - Approve institutions for Alaska and Veterans student loans.

- **Student Financial Aid**

- Originate and service, for the Alaska Student Loan Corporation, full-time, half-time, teacher scholarship, and family education loans.
  - Originate and service Memorial Scholarship Loans.
  - Disburse state and federal grants to low income students.
  - Arrange participation in both the WICHE Professional Exchange and WAMI Medical Programs.

### **Alaska Student Loan Corporation (ASLC)(AS 14.42.200)**

- Borrow money to carry out the purpose of the corporation and issue obligations as evidence of the borrowing.
- Invest or reinvest money held by the Corporation.
- Enter into agreements with the ACPE relating to the administration of the student loan fund.

## MISSION

The **Alaska Commission on Postsecondary Education** and the **Alaska Student Loan Corporation** support the development of economically viable, lifelong learners and citizens by providing educational loans to postsecondary students and authorizing the operation of state postsecondary institutions.

## GOALS

- |                    |  |
|--------------------|--|
| <b>Service</b>     | Value and serve our customers, including students, parents, policy makers, bond holders, professional colleagues and co-workers.   |
| <b>Efficiency</b>  | Identify and implement program efficiencies through improved management, processes, and technology to ensure the self-sustenance and marketability of the Alaska Student Loan Programs through the 21st century.   |
| <b>Quality</b>     | Emphasize quality in postsecondary education and training to ensure value for Alaskans in their pursuit of lifelong learning.  |
| <b>Information</b> | Provide Alaskans with the tools and information to make sound postsecondary education/training investments and decisions by developing a one-stop resource of education/training/labor information through expanded collaboration with other agencies and advocacy groups. |
| <b>Involvement</b> | Involve parents, families, and communities as active partners in all aspects of the postsecondary education process.   |

In support of these goals,

***ACPE/ASLC should do MORE...***

**Front end counseling**--Take more responsibility for ensuring that our customers have information about the loan program and educational and training opportunities available to them. Tailor counseling activities to the needs of identified at-risk borrowers and postsecondary institutions.

**Market our services and successes**--Advertise the programs and services we provide and let the public know when we make positive changes to serve them better. As our array of services expands, market them to our potential customers.

**Expand financial aid training**--Expand financial aid training opportunities for secondary school counselors, Native corporation education specialists, and employment center staff. Develop distance delivery training programs for rural counselors who are geographically isolated. When economically feasible, make personal contact with students in secondary and postsecondary schools.

**Emphasize collaboration and communication**--Take affirmative steps to expand collaboration and communication with the Departments of Education, Labor, Health and Social Services, and Community and Regional Affairs; the University of Alaska; and the Alaska Human Resource Investment Council.

**Focus on involvement**--Increase interaction with, and presence in, the community through ties with private industry employers, State Chamber of Commerce, PTA, Rotary, etc.

**Analysis of the student loan program's economic impact on Alaska and Alaskans**

**Stress staff training and teamwork**

**Raise standards of accountability for postsecondary institutions**

**Emphasize frequent contact with delinquent borrowers**--Focus more due diligence efforts on very early and frequent delinquency contact.

**Increase partnerships with other financial aid providers to share information**

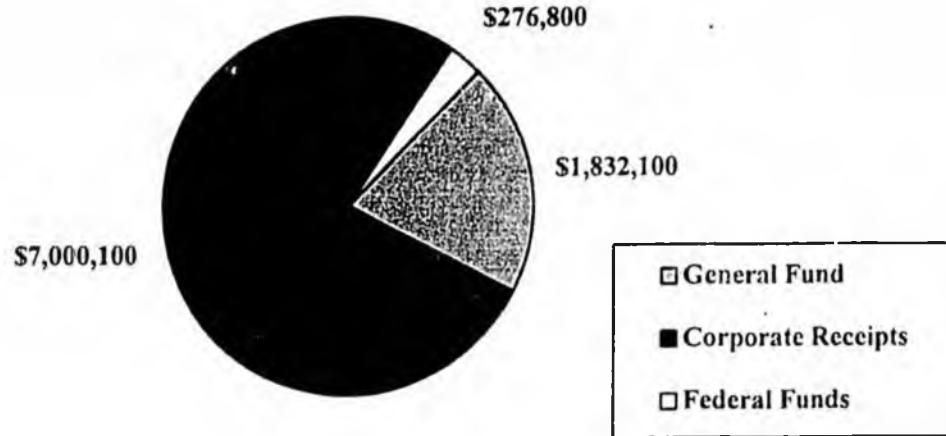
**Increase partnerships with postsecondary institutions to collaborate on default management**

**ALASKA COMMISSION ON POSTSECONDARY EDUCATION**  
**FY97 BUDGET SUMMARY AND COMPARISON**  
(Narrative Explanation of Budget Components to follow)

	<b>FY96 Budget Final</b>	<b>FY97 Budget Requested</b>
<b>Operating Budget</b>		
General Fund:		
WICHE Student Exchange	\$ 329,700	\$ 193,600
WAMI Medical Program	1,267,000	1,309,000
Federal Student Aid (State Match)	329,500	329,500
	<b>1,926,200</b>	<b>1,832,100</b>
Corporate Receipts:		
Postsecondary Commission:		
Program Administration	717,900	758,700
Loan Operations	6,451,500	6,241,400
	<b>7,169,400</b>	<b>7,000,100</b>
Federal Funds:		
Program Administration:		
Veterans Administration	148,100	151,800
State Postsecondary Review Entity (SPRE) Program	100,000	--
Federal Student Aid (SEIG)	163,500	125,000
Governors Council on Vocational Ed.	160,100	--
	<b>571,700</b>	<b>276,800</b>
	<b>Total Operating</b>	<b>Total Operating</b>
	<b>\$ 9,667,300</b>	<b>\$ 9,109,000</b>

**ACPE FUNDING SOURCES  
ILLUSTRATED**

**FY97 BUDGET**



Positions by Component:	Program Administration		Loan Operations	
	FY96	FY97	FY96	FY97
Permanent Full-time	10	10	95	89
Permanent Part-time	0	0	0	4
Temporary	0	0	0	0
<b>Total</b>	<b>10</b>	<b>10</b>	<b>95</b>	<b>93</b>

All positions for the Agency are reflected above. All positions are funded with Corporate Receipts except for 1.5 positions being funded with federal receipts in the Program Administration component.

## ACPE/ASLC OPERATIONAL BUDGET COMPONENTS

The budget is a continuing budget with no significant changes in services to be performed in FY97. Following is a summary of changes, by funding source, between the FY96 and FY97 budgets.

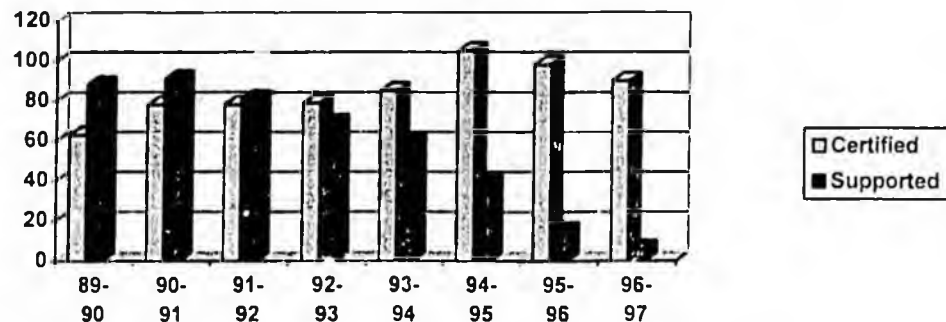
### General Fund Programs

#### **WICHE (Western Interstate Commission on Higher Education) Student Exchange Program**

The Commission serves as Alaska's agency for coordinating activities in the 15-state WICHE Compact. The goal of this component is to provide undergraduate, graduate and professional educational opportunities to Alaskan students in fields for which there are no programs operating in Alaska. The component administers various WICHE programs operating in Alaska: 1) The Professional Student Exchange Program (PSEP); 2) The Western Undergraduate Exchange (WUE); and 3) The Western Regional Graduate Program (WRGP). Currently, in the PSEP (which is the only program requiring student-specific support fees) eight fields in human and animal medicine are available and supported through agreements with WICHE institutions.

FY96 funding (\$329,700) for this program pays WICHE compact membership dues and funds 15 continuing PSEP students. FY97 funding (\$193,600) will pay WICHE Compact membership dues and will fund six continuing students. The membership dues ensure that students also have continuing access to the WUE and WRGP programs in which approximately 800 Alaskans participate each year. New PSEP students have not been funded in several years and FY97 is the last year the Commission anticipates funding students.

# WICHE PSEP STUDENTS



\* Due to budget cuts, no new participants have been supported in several years.

*WICHE Changes from FY96 authorized budget to FY97 requested budget:*

\$ 42,000 Transfer to WAMI Medical Education to fund the cost of living increase in the 2nd, 3rd and 4th year contract obligation for FY97.

\$ 94,100 Reduction due to Professional Student Exchange program students completing their studies in supported fields.

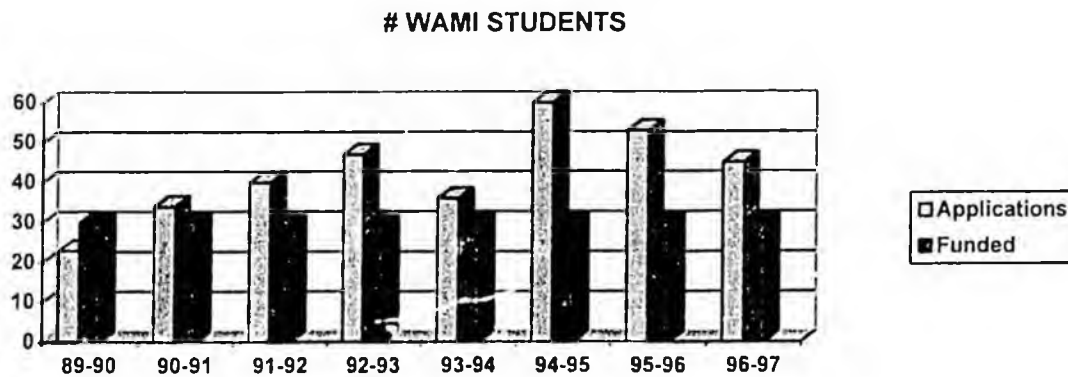
**WAMI (Washington, Alaska, Montana and Idaho) Medical Education Program**

The WAMI program provides guaranteed access to a medical school for residents of Alaska. The University of Washington School of Medicine acts as the regional medical school for Washington, Alaska, Montana and Idaho by reserving a predetermined number of class places each year. Alaska currently contracts and pays for thirty places (30), ten in each of the 2nd, 3rd and 4th years of study.

FY96 funding (\$1,267,000) for this program covers the State's contractual obligation. FY97 funding (\$1,309,000) will again cover the contractual costs associated with this program.

*WAMI Changes from FY 96 authorized budget to FY97 requested budget:*

\$ 42,000 Transfer from the WICHE Student Exchange component to cover the cost of living increase that is factored into the contractual obligation.



## **Federal Student Aid**

The goal of the Federal Student Aid component is to administer federal student financial aid programs to provide the greatest benefit to Alaskan students. The component administers the **State Student Educational Incentive Grant (SSIG)** and the **Paul Douglas Teacher Scholarship Loan** programs.

The SSIG grant requires the state to match funding one-to-one in order to qualify for federal funding; therefore, the budget authority for this program is funded with both federal (\$120,000 in FY97 and \$118,500 in FY96) and state (\$329,500 in FY97 and FY96) funds. This program is the only need-based student aid program in the state. It targets low-income, first-time undergraduate students. This funding level will allow the Commission to fund approximately 300 of the 1,500 eligible students with need-based grants of \$1,500.

The Paul Douglas Scholarship program is funded with federal funds (\$5,000 in FY97 and \$45,000 in FY96). Subsequent to preparing budget information for the Governor's office, the Paul Douglas Scholarship program was eliminated by the federal government. No awards will be made for this program in FY97.

*Federal Student Aid Changes from FY96 authorized budget to FY97 requested budget:*

\$ 40,000 Reduction in federal authorization due to the elimination of federal funds for the federal Paul Douglas Teacher Scholarship Program.

\$ 1,500 Increase in funding for the SSIG program.

## **Corporate Receipts**

### **Program Administration**

This component has three goals:

- 1) to administer and provide policy direction for Commission programs, achieving efficiencies through improved management, processes and technology;
- 2) to review and oversee postsecondary programs and institutions operating in the state, with the exception of the University of Alaska system, emphasizing quality in postsecondary education and training to ensure value for Alaskans in their pursuit of lifelong learning; and
- 3) to provide Alaskans with information about the educational opportunities available in Alaska and about the financial aid programs available to assist in accessing those opportunities. In the future this agency must strive to provide Alaskans with the tools and information to make sound postsecondary education/training investments and decisions by developing a one-stop resource of education/training/labor information through expanded collaboration with other agencies and advocacy groups.

These goals will be met with Corporate Receipt funding of \$758,700 in FY97 (\$717,900 in FY96). To support the Department's goal of setting standards of quality to protect the interest of individual Alaskans and the Alaska Student Loan Corporation, it is vital that ACPE insure compliance as the statutes mandate. No less important is the ACPE's activities to find ways to reduce the student loan program default rate to insure that the program can continue to meet the needs of all Alaskan applicants. Monitoring school compliance and collection agency effectiveness will be key to the effort of default management.

*Changes from FY96 authorized budget to FY97 requested budget:*

\$ 7,300 Increase due to adjustments made to the exempt salary schedule and risk management rates.

\$ 33,500 Increase to support an increase in institutional oversight and audit activity.

### **Loan Operations**

The goals of this component are:

- 1) to serve and value our customers, including students, parents, policy makers, bond holders, professional colleagues and co-workers,
- 2) to identify and implement program efficiencies through improved management, processes, and technology to ensure the self-sustainability and marketability of the Alaska Student Loan Programs through the 21st century,
- 3) to provide low-cost financing to the Alaska Student Loan Program (ASLP),
- 4) to disburse low-cost loans to eligible Alaskans enabling them to pursue postsecondary education and training, and
- 5) to service the outstanding loan portfolio in a manner which maximizes repayment to the Student Loan fund and protects the financial integrity of the Alaska Student Loan Program.

These goals will be met with Corporate Receipt funding of \$6,241,400 in FY97 (\$6,451,500 in FY96).

The Commission has eliminated two full-time permanent positions in this component due to operational efficiencies.

*Changes from FY96 authorized budget to FY97 requested budget:*

\$ 179,500 Four positions will be deleted in FY97 due to completion of a capital project.

\$ 89,600 Reduction in Information services chargeback.

\$ 59,000 Increase due to adjustments made to the exempt salary schedule and risk management rates.

## **Federal Funds**

### **Veterans Administration**

The Commission receives a grant from the U.S. Department of Veterans Affairs (VA). With these funds, Commission staff perform the following functions:

- 1) Inspect and supervise approved programs, schools, and training establishments within the State of Alaska (SOA);
- 2) Determine which education and training programs may be approved for veterans and other eligible individuals;
- 3) Render services and obtain information necessary for the VA to approve or disapprove programs offered by the federal government with the SOA;
- 4) Review and approve catalogs and term schedules from approved educational institutions;
- 5) Conduct on-site supervisory visits to 75 educational institutions and training sites within the SOA approved for VA education and training benefits; and
- 6) Make VA requested visits to schools and training sites.

The Commission does not expect a significant decrease in funding for this program in FY 97; however, all programs funded by the federal government are being scrutinized very closely.

*Changes from FY96 authorized budget to FY97 requested budget:*

\$ 1,900 Increase in federal funding.

\$ 1,800 Increase due to adjustments made to the exempt salary schedule and risk management rates.

### **State Postsecondary Review Entity Program**

Congress eliminated funding for the State Postsecondary Review Entity Program (SPRE) which was targeted to pay for a large portion of the costs related to Institutional authorization and school compliance functions. The state must absorb these expenses that will be incurred regardless of the elimination of the SPRE Program. This is not an unfunded mandate. These activities would have taken place in conjunction with SPRE functions and the state would otherwise have benefited by having a non-state funding source for these concurrent functions.

*Changes from FY96 authorized budget to FY97 requested budget:*

\$ 100,000 Reduction in federal funding.

### **Federal Student Aid**

This program was addressed above under the general fund section as it is funded with both state general funds and federal funds.

### **Governors Council on Vocational Education**

Chapter 61, SLA 1995, established the Alaska Human Resource Investment Council and transferred certain functions of other entities to the council. Passage of HCS CSSB 142 (FIN) transferred the functions of this component to the Alaska Human Resource Investment Council. This council, in FY97, will be a component of the Office of the Governor.

*Changes from FY96 authorized budget to FY97 requested budget:*

\$ 160,100 Transfer to the Governor's Office.