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MEMORANDUM**State of Alaska
Department of Military & Veterans' Affairs**

To: Annette Deal
Legislative Privatization Committee

From: Jim Chase
Deputy Commissioner

Date: December 1, 1999

Phone: 428 6854

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Subject: Follow-up

Attached is a status data page for the Alaska Military Youth Academy (AMYA). From this you can obtain the historical and projected per graduate cost from the beginning of the program through the classes of SFY2000.

The following is a quote from Governor Knowles during one of his 'state of the children' speeches. "...it costs an average of just over \$60,000 for a young person to be placed in Alaska's Youth Corrections facilities. According to 1996 statistics from the Alaska Department of Corrections, it costs about \$30,000 to \$55,000 a year to keep an adult in prison in Alaska." The message which is relevant to the AMYA is that the state gets a predictable return-on-investment. The monies spent on youth and adult corrections cannot be considered an investment for which you can reap a positive return.

The AMYA has a Memorandum of Agreement (MOA) with the Cook Inlet Native Association for their support of any Alaska Native cadet. We have not explored the capability of the Bureau of Indian Affairs (BIA) to support the AMYA program since the basic funding comes from federal sources that require a state match. Should the BIA have funds, we first would require state authorization to receive the funds and secondly also be liable for providing a state match. These are two issues that would be counterproductive considering the effort which would have to be expended.

I have enclosed Chapter 5 of Alaska Statute Section 26 that speaks to the Military Code of Alaska. In it is described the Alaska National Guard, the Alaska Naval Militia and the Alaska State Militia, (aka the Alaska State Defense Force, (ASDF)) The language throughout this chapter is confusing to say the least. The department is proposing clarifying legislation this session. The department has historically supported the ASDF with an internal annual budget allocation of \$25,000. This meager amount supports the 'housekeeping' needs of the force.

Some of their most memorable response efforts in the last few years are:

1. The Miller's Reach Fire.
2. The Western Alaska Fisheries Disaster.
3. The Turnagain Pass Snowmobile Disaster.

The ASDF have recently been trained and are ready for a possible stand-up should the Y2K issue turn into a disaster situation.

Alaska Military Youth Academy

Report on Graduate Compliance and Stipend payments:

In classes 94-2 through 97-1, Cadets received, before graduation, a stipend letter stating very clearly the criteria for being eligible to receive the Stipend. The requirements were simple but direct and stated that the cadet must comply in the following three areas:

- 1) The Cadet must work or be in school full time
- 2) The Cadet must have weekly contact with their mentor
- 3) The Cadet must send in a Post-Residential Quarterly Report

The class of 94-2 averaged 79.5% compliance

The class of 95-1 averaged 82.0% compliance

The class of 95-2 averaged 86.5% compliance

The class of 96-1 averaged 90.0% compliance

The class of 96-2 averaged 85.0% compliance

The Stipend for these classes was \$2,200

The class of 97-1 averaged 82.0% compliance (with a \$1,200 stipend)

The class of 98-1 is averaging 81% compliance (no stipend letters were provided)

The class of 98-2 is averaging 70% compliance (no stipend letters were provided)

The class of 99-1 is averaging 90.5% compliance (\$2,200 stipend letters were provided)

The class of 99-2 just graduated in Sep 99 (\$2,200 stipend letters were provided)

Graduation statistics: State Fiscal Year - Cost:

Class 94-1: 43 graduates	SFY94 - \$1,560.7 (\$36,295 per graduate)
Class 94-2: 43 graduates	
Class 95-1: 49 graduates	SFY95 - \$2,456.6 (\$26,695 per graduate)
Class 95-2: 63 graduates	
Class 96-1: 76 graduates	SFY96 - \$2,755.8 (\$19,820 per graduate)
Class 96-2: 62 graduates	
Class 97-1: 72 graduates	SFY97 - \$3,052.6 (\$22,776 per graduate)
Class 98-1: 55 graduates	
Class 98-2: 81 graduates	SFY98 - \$3,188.4 (\$23,441 per graduate)
Class 99-1: 84 graduates	
Class 99-2: 91 graduates	SFY99 - \$3,758.5 (\$21,474 per graduate)
Total 719 graduates	

Projected for SFY2000

Class 99-3: 122 graduates

Class 00-1: 100 graduates

SFY00 - \$4,336.3 (\$19,531 per graduate)

Note:

The \$2,200 post-graduation stipends are paid as follows.

- \$700 is paid at graduation
- \$750 is paid six months after graduation based on compliance
- \$750 is paid after 12 months and satisfactory compliance with the requirements

§ 26.05.010

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Chapter 05. Military Code of Alaska.

Section

- 10. Alaska militia established
- 20. Exemption from military service
- 30. Composition of organized militia
- 50. Authority for organization
- 60. Control of Alaska National Guard and Alaska Naval Militia
- 70. Governor may order organized militia into active service
- 75. Reemployment rights of the organized militia
- 80. Decision of governor final
- 90. Proclamations of martial law
- 100. State militia
- 110. Governor may order unorganized militia into active service
- 120. Penalty for failure to obey call
- 130. Penalty for physician making false certificate
- 135. Suspension of enforcement of civil liabilities
- 140. Suits against officers and enlisted persons
- 150. Not liable for exercise of judgment
- 160. Appointment, qualifications, and duties of adjutant general
- 170. Governor's command and instructions exercised through the adjutant general
- 180. Headquarters staff of Alaska National Guard
- 190. Administration
- 200. Officers' qualifications, appointment and tenure
- 210. Removal of officers
- 220. Retired list
- 222. Creation and administration of Alaska National Guard and Alaska Naval Militia retirement system

Section

- 223. Commencement of participation in system
- 224. Retirement benefits
- 225. Earlier service
- 226. Contributions
- 228. Accounting and investment
- 229. Definitions
- 230. Armories, training sites, and maintenance facilities
- 235. Active duty training sites
- 240. Enlisted persons
- 250. Discharges
- 260. Pay and allowances
- 265. Reenlistment bonus
- 270. Payment of military claims
- 280. Transportation, subsistence, and supplies
- 290. Further equipment and armories
- 295. Educational assistance for enlisted personnel
- 296. Tuition assistance
- 298. Definition for AS 26.05.295 and 26.05.296
- 300. Statement of policy on military justice
- 310. Military courts for the Alaska militia
- 320. General court-martial
- 322. Special court-martial
- 324. Summary court-martial
- 326. Appeal from court-martial convictions
- 330. Expenses of military courts
- 340. Miscellaneous provisions
- 360. Short title

Sec. 26.05.010. Alaska militia established. (a) The militia of the state consists of all able-bodied citizens of the United States and all other able-bodied persons who have declared their intention to become citizens of the United States, who reside in the state, who are at least 17 years of age, and who are eligible for military service under the laws of the United States or this state.

(b) The militia is divided into two classes:

- (1) the organized militia, consisting of the Alaska National Guard, the Alaska Naval Militia, and the Alaska State Militia, and
- (2) the unorganized militia, consisting of all qualified persons available for service but not serving in the organized militia.

(c) The adjutant general may, by regulation, prescribe the maximum age for eligibility in the militia. (§ 2 ch 150 SLA 1955; am § 1 ch 44 SLA 1968; am § 1 ch 141 SLA 1972; am § 1 ch 5 SLA 1987)

NOTES TO DECISIONS

Use of National Guard to execute search warrant. — Under Alaska Const., art. III, § 19, the governor is authorized to use of National Guard to execute the laws, and there is no provision of this

chapter that prohibited the use of National Guard soldiers to execute search warrants. *Wallace v. State*, 928 P.2d 1157 (Alaska Ct. App. 1997).

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 1 et seq.; 54 Am. Jur. 2d, Military and Civil Defense, § 149 et seq.
57 C.J.S., Militia, § 1 et seq.

Validity and construction of state statutes requiring employers to compensate employees for absences occasioned by military service. 6 ALR4th 704.

Sec. 26.05.020. Exe militia service: persons the state, and member

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Sec. 26.05.060. C The governor as ex Alaska National Gu. service. The govern U.S.C. 473 — 479. E Guard and the Alas regulations relating territories and of th

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App. 1997).

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employers for absences ec-
co. § ALR4th 704.

Sec. 26.05.020. Exemption from military service. The following are exempt from militia service: persons exempt by the laws of the United States, judges of the courts of the state, and members and officers of the state legislature. (§ 3 ch 150 SLA 1955)

Sec. 26.05.030. Composition of organized militia. (a) The Alaska National Guard consists of

(1) members of the militia who have voluntarily enlisted and who, upon original enlistment, are organized, armed, equipped, and federally recognized according to the laws of the United States; and

(2) commissioned officers and warrant officers who are citizens of the United States, having the qualifications prescribed by federal law and regulations, and who are appointed and commissioned or warranted by the governor.

(b) Former members of the regular Army, Navy or Marine Corps under 64 years of age may enlist in the Alaska Militia.

(c) The Alaska Naval Militia consists of units authorized by the governor, organized, equipped, trained, and administered as prescribed by state and federal law and regulation, and manned by personnel who are

(1) members of the United States Naval Reserve or the United States Marine Corps Reserve and

(2) enlisted, appointed, commissioned, or warranted under the laws and regulations of the United States.

(d) The Alaska State Militia consists of units authorized by the governor, and manned by volunteer personnel qualifying under state law and regulation. All State Militia personnel shall be

(1) appointed, commissioned, or warranted, and assigned by the governor or the adjutant general as the governor's designee;

(2) subject to serve on state active duty at the call and by order of the governor

(e) *(Repealed, § 102 ch 127 SLA 1974.)* (§ 4 ch 150 SLA 1955; am § 2 ch 44 SLA 1968; am § 13 ch 141 SLA 1972; am § 102 ch 127 SLA 1974)

Sec. 26.05.040. Ratification and confirmation of existing military forces. *(Repealed, § 38 ch 30 SLA 1992.)*

Sec. 26.05.050. Authority for organization. The governor as commander in chief may organize units in communities so requesting and specifically provide for organization of at least two scout battalions in the western and northwestern coastal areas and northern Arctic regions of the state, in accordance with special authority of the United States Department of Defense. (§ 6 ch 150 SLA 1955)

Sec. 26.05.060. Control of Alaska National Guard and Alaska Naval Militia. The governor as ex officio commander of the militia of the state has command of the Alaska National Guard and the Alaska Naval Militia while they are not in active federal service. The governor may adopt necessary regulations for them not inconsistent with 48 U.S.C. 473 — 479. Except as otherwise prescribed by those sections, the Alaska National Guard and the Alaska Naval Militia and their members are subject to all federal laws and regulations relating to the National Guard and Naval Militia of the several states and territories and of the United States. (§ 7 ch 150 SLA 1955; am § 1 ch 34 SLA 1973)

Editor's notes. — With regard to 48 U.S.C. 473 — 479, cited in this section, page 11732 of the 1970 edition of the United States Code contains the following: "Sections 21 — 449f of this title, applicable to the Territory of Alaska, are omitted from this title since the scope of this title limits it to general and permanent laws applicable to Territories and Insular Pos-

sessions, and Alaska was admitted into the Union as a State on January 3, 1959. See the notes following the heading of this chapter.

"Many of the provisions encompassed by former sections 21 — 449f of this title were enacted by the Legislature of the State of Alaska on February 19, 1963, as part of the Alaska Statutes."

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NOTES TO DECISIONS

Application of federal law. — In the absence of any supplementary regulation pursuant to this section or AS 26.05.340, the state has adopted federal law and regulation for administering and managing full-time National Guard personnel; therefore, a member

who was involuntarily terminated was not entitled to the protections of the Alaska Personnel Act. *State, Dep't of Military & Veterans Affairs v. Bowen*, 263 P.2d 888 (Alaska 1958).

Sec. 26.05.070. Governor may order organized militia into active service. In the event of war, disaster, insurrection, rebellion, tumult, catastrophe, invasion, or riot; or if a mob or body of men act together by force with intent to commit a felony or to offer violence to persons or property, or by force and violence to break and resist the laws of the state, or the United States; or in the case of imminent danger of the occurrence of any of these events; or whenever responsible civil authorities fail to preserve law and order, or protect life and property, or the governor believes that failure is imminent, the governor may order the organized militia or any part of it, into active state service to execute the laws and to perform duties in connection with them that the governor considers proper. Whenever any portion of the militia is ordered into active service by the governor, it becomes an additional police force, retaining its separate entity and operating at all times as a military organization under military command, with power to cooperate with but not to supersede the existing civilian law enforcement officers whenever possible, for the re-establishment of law and order and for the protection of life and property. The governor may also order members of the organized militia to active state service, with their consent, for the purpose of training or for full-time duty with the office of the adjutant general. (§ 8 ch 150 SLA 1955)

Sec. 26.05.075. Reemployment rights of the organized militia. (a) An employer shall grant to an employee who is a member of the organized militia a leave of absence to perform active state service under AS 26.05.070.

(b) When an employee is released from a period of active state service under AS 26.05.070 or discharged from hospitalization that arose from active state service, the employee is entitled to return to the employee's former position, or a comparable position, at the pay, seniority, and benefit level the employee would have had if the employee had not been absent as a result of active state service. An employee, other than an employee who has been hospitalized, shall report for work at the beginning of the workday following the last calendar day necessary to travel from the site of active state service to the employee's work site. An employee who has been hospitalized shall report for work at the beginning of the workday following the last calendar day necessary to travel from the hospital or place of recuperation to the employee's work site. If the employee fails to return to work at that time, the employer may impose whatever discipline is provided by the employer's rules of conduct for unexcused absence from work.

(c) If an employee is not qualified to perform the duties of the employee's position as a result of permanent disability sustained because of the employee's active state service but is qualified to perform the duties of another position with the employer, the employer shall offer an employee who requests reemployment the available, vacant position that most closely approximates the pay and benefits of the employee's previous position and that the employee is qualified for and capable of performing. An employee loses the right to reemployment under this subsection unless the employee requests reemployment within 30 days after receiving a statement from the employee's treating physician indicating both that the employee has reached maximum recovery and that the employee is released to return to full-time work.

(d) For employees other than state employees, the Department of Labor shall enforce this section by appropriate regulations. For state employees, the division of personnel in the Department of Administration shall enforce this section. Regulations adopted under

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this section may provide employees other than as be handled under AS 44 made to the personnel b grievances.

(e) Notwithstanding an action in superior of Labor, or, in the case The action must be bro

(f) A collective barga of this Act may not con

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Sec. 26.05.080. De- ordered to duty by the ch 150 SLA 1955)

Sec. 26.05.090. Pr- law when the public as and may order all or a the proclamation. Th specified by the govern be assumed in order t law may not continue members of the legial 1968)

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Sec. 26.05.100. St enlistments under re; the governor. During Militia, or any part federal service, or the its state mission, the § 1 ch 159 SLA 1968

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member was physically unable to appear at the time and place designated. A person chargeable with desertion under this section may be taken by force and compelled to serve. (§ 13 ch 150 SLA 1955)

Sec. 26.05.190. Penalty for physician making false certificate. A physician who knowingly makes and delivers a false certificate of physical disability concerning a person ordered to active service shall be tried in the state court and, upon conviction, forever forfeits the license and right to practice the profession of physician in this state. (§ 14 ch 150 SLA 1955)

Sec. 26.05.135. Suspension of enforcement of civil liabilities. The provisions of 50 U.S.C. App. 501 — 590, pertaining to the temporary suspension of enforcement of civil liabilities of persons in the military service of the United States, apply to members of the Alaska National Guard and Alaska Naval Militia while on active duty for the state by order of the governor. (§ 1 ch 96 SLA 1976)

Sec. 26.05.140. Suits against officers and enlisted persons. Members of the militia ordered into active service for the state by order of the governor are not liable civilly or criminally for any act done by them in their official capacity while in this such service. If a suit is commenced in a court against an officer or enlisted person of the militia as a result of an act done by the officer or enlisted person in an official capacity while in active service, the defendant may require the person instituting the suit to give security for the payment of costs. If judgment is for the defendant, treble costs shall be assessed against the plaintiff. The defendant in the action shall be defended by the attorney general at the expense of the state but the defendant may employ private counsel. (§ 15 ch 150 SLA 1955; am § 2 ch 141 SLA 1972)

Collateral references. — Rights of members of Armed Forces to bring actions in civilian courts against their superiors, federal cases, 76 L. Ed. 2d 891.

Sec. 26.05.150. Not liable for exercise of judgment. A commanding officer of the Alaska militia engaged under proper authority in the suppression of any of those acts listed in AS 26.05.070 may determine the means to be used in controlling or dispersing any mob or other unlawful assembly. A commanding officer who exercises this discretion is not liable in either a civil or criminal action for an act done in the line of duty. (§ 16 ch 150 SLA 1955)

Sec. 26.05.160. Appointment, qualifications, and duties of adjutant general.

(a) The adjutant general of the state is appointed by the governor. The governor shall prescribe the grade of the adjutant general, which may not exceed major general. To be eligible for appointment as adjutant general, a person must be a citizen of the state. The adjutant general shall make returns and reports to the Chief, National Guard Bureau, and to the governor or to the officers designated by the Chief, National Guard Bureau, and the governor, at the times and in the form prescribed.

(b) The adjutant general shall execute a bond running to the state in the penal sum of \$20,000 conditioned upon the faithful performance of the adjutant general's duties. The attorney general shall approve the bond and the bond shall be filed with the Department of Administration. The state shall pay the cost of the bond.

(c) The adjutant general is the official liaison between the state and the active military in the state. The adjutant general shall provide advice and assistance to state agencies having dealings with the active military in the state.

(d) The adjutant general is the official liaison between the state and the federal Department of Veterans Affairs. The adjutant general shall provide advice and assistance to state agencies having dealings with the federal Department of Veterans Affairs.

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(e) The adjutant general, Emergency Management and assistance to state agency. (§ 17 ch 16(§ 1 ch 6 SLA 1992)

Effect of amendments. — 7
effective April 14, 1992, added :

Sec. 26.05.170. Governor adjutant general. The governor shall carry out the powers and duties which he represents the governor as adjutant general shall exercise. (150 SLA 1955)

Sec. 26.05.190. Heads
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(b) *Repealed, § 35 ch 1*

(c) *(Repealed, § 2 ch 37)*

(d) *Repealed, § 1 ch 66*

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Effect of amendments. — T1 effective July 1, 1994, repealed as to the adjutant general's annual

Sec. 26.05.300. Officer
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§ 26.05.200

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(e) The adjutant general is the official liaison between the state and the Federal Emergency Management Agency in the state. The adjutant general shall provide advice and assistance to state agencies having dealings with the Federal Emergency Management Agency. (§ 17 ch 150 SLA 1955; am § 1 ch 4 SLA 1965; am § 1 ch 57 SLA 1967; am § 1 ch 6 SLA 1992)

Effect of amendments. — The 1992 amendment, effective April 14, 1992, added subsections (e)-(f).

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 36.
57 C.J.S., Militia, § 11.

Sec. 26.05.170. Governor's command and instructions exercised through the adjutant general. The governor's command is exercised through the adjutant general, who shall carry out the policies of the governor in military affairs. The adjutant general represents the governor and shall act in conformity with the governor's instructions. The adjutant general shall exercise control over the military department of the state. (§ 18 ch 150 SLA 1955)

Sec. 26.05.180. Headquarters staff of Alaska National Guard. (a) The headquarters of the Alaska National Guard is composed of an Army National Guard component, an Air National Guard component and a Naval Militia component. The Army National Guard component and the Air National Guard component shall each be commanded by an assistant adjutant general appointed by the adjutant general with the concurrence of the governor. An assistant adjutant general shall, while holding office, have the grade of brigadier general or a lower grade that the adjutant general may prescribe. On appointment an assistant adjutant general must hold a federally-recognized field commission with at least five years service in the Alaska Army National Guard or Alaska Air National Guard.

(b) The adjutant general may appoint necessary officers, enlisted persons, and civilian employees to the headquarters staff. (§ 19 ch 150 SLA 1955; am § 1 ch 46 SLA 1966; am § 1 ch 122 SLA 1971; am § 3 ch 141 SLA 1972; am § 3 ch 34 SLA 1973)

Sec. 26.05.190. Administration. (a) The adjutant general shall adopt and publish orders and regulations not contrary to law that in the adjutant general's judgment are necessary to bring the organizations, armament, equipment and discipline of the organized militia to a high degree of efficiency. The adjutant general shall perform all the administrative functions incident to the operation of the Alaska National Guard and the Alaska Naval Militia. In addition the adjutant general shall have an inventory taken at least once each year of all state military stores, property, and funds under the jurisdiction of the adjutant general.

(b) [Repealed, § 35 ch 126 SLA 1994.]

(c) [Repealed, § 1 ch 37 SLA 1968.]

(d) [Repealed, § 1 ch 66 SLA 1967.] (§ 20 ch 150 SLA 1955; am § 1 ch 66 SLA 1967; am § 1 ch 19 SLA 1968; am § 1 ch 37 SLA 1968; am § 4 ch 34 SLA 1973; am § 35 ch 126 SLA 1994)

Effect of amendments. — The 1994 amendment, effective July 1, 1994, repealed subsection (b), relating to the adjutant general's annual transactions report.

Sec. 26.05.200. Officers' qualifications, appointment and tenure. A person may not be commissioned or warranted in an office of the National Guard or the Naval Militia of the state unless the person is examined and adjudged qualified for the office by an examining board appointed by the commander in chief, except that at the discretion of the adjutant general the proceedings of federal examining boards may be accepted instead of

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a state board. The composition, appointment, and procedure of examining boards and nature and scope of examinations shall be as prescribed by the military law and regulations of the United States or this state. (§ 21 ch 150 SLA 1955; am § 5 ch 34 SLA 1973)

Collateral references. — 54 Am. Jur. 2d, Military and Civil Defense, §§ 149 — 163.
57 C.J.S. Militia § 11.

Sec. 26.05.210. Removal of officers. (a) The adjutant general and the assistant adjutants general serve at the pleasure of the governor.

(b) When federal recognition of an officer's commission or warrant has been withdrawn, the officer's state appointment as a commissioned or warrant officer may be terminated, and the commission or warrant vacated upon the recommendation of the adjutant general and approval of the governor.

(c) When a commissioned or warrant officer has successfully completed the prescribed term of service so as to be eligible for retirement, the officer may be placed upon the retired list upon the recommendation of the adjutant general and approval of the governor.

(d) Commissioned or warrant officers may tender their resignations through National Guard or Naval Militia command channels. Resignations shall be in writing, stating the reason for resignation, and shall take effect when accepted by the adjutant general upon the approval of the governor. (§ 22 ch 150 SLA 1955; am § 1 ch 20 SLA 1968; am § 6 ch 34 SLA 1973)

Sec. 26.05.220. Retired list. A commissioned officer and enlisted person upon reaching the maximum age prescribed for active duty by appropriate regulations and a commissioned officer or enlisted person who is disabled or incapacitated for active duty through no personal fault or dereliction, and a commissioned officer or enlisted person who serves honorably with the Alaska National Guard or with the Alaska Naval Militia in any capacity and is unable to perform further active duty due to limitations imposed by appropriate regulations may be placed upon the retired list upon recommendation by the adjutant general and approval of the governor. (§ 23 ch 150 SLA 1955; am § 4 ch 141 SLA 1972; am § 7 ch 34 SLA 1973)

Sec. 26.05.222. Creation and administration of Alaska National Guard and Alaska Naval Militia retirement system. (a) There is established an Alaska National Guard and Alaska Naval Militia retirement system. The commissioner of administration shall administer the Alaska National Guard and Alaska Naval Militia retirement system.

(b) The commissioner of administration may adopt regulations to implement the Alaska National Guard and Alaska Naval Militia retirement system. Regulations adopted by the commissioner under this subsection relate to the internal management of state agencies and their adoption is not subject to AS 44.62 (Administrative Procedure Act). (§ 17 ch 159 SLA 1972; am § 9 ch 146 SLA 1980; am § 33 ch 137 SLA 1982)

Sec. 26.05.223. Commencement of participation in system. A member of the Alaska National Guard or Alaska Naval Militia shall be included in this system upon commencement of membership in the Alaska National Guard, or on January 1, 1973, whichever is later, or upon commencement of membership in the Alaska Naval Militia or on July 1, 1980, whichever is later. (§ 17 ch 159 SLA 1972; am § 10 ch 146 SLA 1980)

Sec. 26.05.224. Retirement benefits. (a) An active member of the Alaska National Guard, or a former member who was an active member on or after January 1, 1969, or a member of the Alaska Naval Militia on or after July 1, 1980, is eligible for a retirement pension

upon voluntary retirement if he has served for a total of 20 years or more in the Alaska National Guard, Alaska Naval Militia, or the United States Armed Forces, or any combination of service in the Alaska National Guard, Alaska Naval Militia, or the United States Armed Forces upon involuntary separation from the Alaska National Guard or Alaska Naval Militia. The retirement pension is \$1 per month for each year of service. (1) in a lump sum that is actuarially equivalent to the pension at the time of retirement, or (2) in a monthly amount that will provide for the same amount at the time of retirement.

(c) An eligible member or former member may elect to begin receiving the pension on the first day of the month following the date of retirement, or the member may elect to defer the pension to a later date. Payment of a deferred pension benefit is filed with and approved by the Department of Veterans Affairs. Deferred retirement pay is not payable if the member elects another form of payment.

(d) Upon the death of an active member of the Alaska National Guard or Alaska Naval Militia, the member's designated beneficiary shall receive the pension in accordance with (b) of this section. If the member has less than 10 years service, the former member's pension benefit calculated in accordance with (b) of this section shall be paid. Except as provided in this section, the designation of a beneficiary shall be in accordance with the designation of a beneficiary under the Uniformed Services of America. If a member designates more than one beneficiary, the member shall specify the different allocation. The member may revoke the designation of a beneficiary on file with the Department of Veterans Affairs. It is not effective until the member's designation is filed with the Department of Veterans Affairs. If a member designates a beneficiary who survives the member, the beneficiary shall receive the pension in a qualified domestic trust in accordance with subsection (e) of this section.

(1) surviving spouse; or, if there is no surviving spouse, (2) surviving children in equal shares, (3) surviving parents in equal shares, or (4) member's estate.

(e) Notwithstanding any provision to the contrary, if the member's designated beneficiary was married to the member at the time of the member's death, the spouse shall receive the pension in accordance with chapter 26.05.224.

(1) except to the extent a former spouse or other dependent person is entitled to a share of the pension, (2) unless the member files a designation of beneficiary and the designated beneficiary is a spouse and each person entitled to a share of the pension.

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(1) upon voluntary retirement from the Alaska National Guard or Alaska Naval Militia after a total of 20 years or more of satisfactory service in the Alaska National Guard, Alaska Naval Militia, or the armed forces of the United States, and the reserves of them, or any combination of service in these components if at least five years of the service is in the Alaska National Guard or Alaska Naval Militia; or

(2) upon involuntary separation because of federal standards imposed on the Alaska National Guard or Alaska Naval Militia, regardless of length of service, unless the separation occurs as a result of the member's own misconduct, misrepresentation, or unwillingness to satisfy established standards for continued participation.

(b) The retirement pension is \$100 a month, payable for the same number of months that the member participated satisfactorily in the Alaska National Guard or Alaska Naval Militia. The member may instead elect to receive the retirement pension

(1) in a lump sum that is actuarially determined to be equal to the value, at the time of retirement, of the entire pension due; or

(2) in a monthly amount that will result in payment by the member's 72nd birthday of an amount that is determined to be the actuarial equivalent of the entire pension due at the time of retirement.

(c) An eligible member or former member may elect to receive the retirement pension beginning on the first day of the month in which the member or former member becomes eligible for retirement, or the member or former member may elect to defer payment to a later date. Payment of a deferred retirement benefit may not begin until application for the benefit is filed with and approved by the Department of Military and Veterans' Affairs. Deferred retirement payments shall be made monthly at the rate of \$100, unless the member elects another form of payment under (b) of this section.

(d) Upon the death of an active member who has at least five years service in the Alaska National Guard or Alaska Naval Militia or a combination of these components, the member's designated beneficiary is entitled to a lump sum benefit calculated in accordance with (b) of this section. Upon the death of a former member who has at least 20 years service, the former member's designated beneficiary is entitled to a lump sum benefit calculated in accordance with (b) of this section less any retirement benefits previously paid. Except as provided in (e) of this section, a member may change or revoke the designation of a beneficiary without notice to the beneficiary at any time. If a member designates more than one beneficiary, each shares equally unless the member specifies a different allocation. The member shall make a designation of a beneficiary or a change or revocation of a beneficiary on a form provided by the Department of Military and Veterans' Affairs. It is not effective until filed with the Department of Military and Veterans' Affairs. If a member fails to designate a beneficiary or if no designated beneficiary survives the member, the department, except to the extent provided otherwise in a qualified domestic relations order, shall pay the death benefit under this subsection to the

(1) surviving spouse; or, if there is none surviving,

(2) surviving children in equal parts; or, if there is none surviving,

(3) surviving parents in equal parts; or, if there is none surviving,

(4) member's estate.

(e) Notwithstanding any previous designation of beneficiary, the spouse of a member at the time of the member's death automatically becomes the designated beneficiary if the spouse was married to the member during part of the member's service under this chapter

(1) except to the extent a qualified domestic relations order provides for payment to a former spouse or other dependent of the member, or

(2) unless the member files with the Department of Military and Veterans' Affairs a revocation of beneficiary and a written consent to the revocation signed by the present spouse and each person entitled to benefits under the order on forms provided by the

§ 26.05.225

MILITARY AFFAIRS AND VETERANS

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department; however, consent of the present spouse is not required if the member and the present spouse had been married for less than two years on the date of the member's death and if the member established when filing the revocation that the member and the spouse were not cohabiting.

(D) A person claiming entitlement to any benefits payable under this section shall provide the department with a marriage certificate, divorce or dissolution decree, or other evidence of entitlement. Documents showing entitlement may be filed with the department immediately after a change in the member's marital status. If the department does not receive notification of a claim before the date 10 days after the member's death, the person claiming entitlement to the benefits is not entitled to receive from the Department of Administration or Department of Military and Veterans' Affairs any benefit already paid under this section. (§ 17 ch 159 SLA 1972; am §§ 11, 12 ch 146 SLA 1980; am § 14 ch 140 SLA 1984; am E.O. No. 58, §§ 4, 5 (1984); am § 11 ch 82 SLA 1986; am §§ 29, 30 ch 117 SLA 1986; am §§ 1, 2 ch 41 SLA 1988)

Effect of amendments. — The 1988 amendment, effective May 24, 1988, in subsection (b), added paragraphs (1) and (2) and added the second sentence in the introductory paragraph; and added "unless the

member elects another form of payment under (b) of this section" at the end of the last sentence in subsection (c).

NOTES TO DECISIONS

Cited in *Laing v. Laing*, 741 P.2d 649 (Alaska 1987).

Sec. 26.05.225. Earlier service. A person who was a member of the Alaska National Guard on or after January 1, 1969, is entitled to credit for service to the state and former territory of Alaska as a member of the National Guard and Territorial Guard before and after January 1, 1969, in determining eligibility for retirement benefits under AS 26.05.224. (§ 17 ch 159 SLA 1972; am § 13 ch 146 SLA 1980)

Sec. 26.05.226. Contributions. (a) The Department of Military and Veterans' Affairs shall contribute to the Alaska National Guard and Alaska Naval Militia retirement system the amounts determined by the commissioner of administration as necessary to

(1) fund the system based on the actuarial requirements of the system as established by the commissioner of administration; and

(2) administer the system.

(b) The amount required for contributions from the Department of Military and Veterans' Affairs under (a) of this section shall be included in the annual appropriations made to the Department of Military and Veterans' Affairs. (§ 17 ch 159 SLA 1972; am § 14 ch 146 SLA 1980; am § 34 ch 137 SLA 1982; am E.O. No. 58, § 6 (1984))

Sec. 26.05.227. [Renumbered as AS 26.05.229.]

Sec. 26.05.228. Accounting and investment. (a) The commissioner of administration shall establish a military retirement trust fund for the system in which the assets of the system are deposited and held. The commissioner shall maintain accounts and records for the system.

(b) All income of the fund and all disbursements made by the fund shall be credited or charged, whichever is appropriate, to the following accounts:

(1) an individual account for each retired member of the system that records the benefits paid under this system to the member or surviving beneficiary;

(2) a separate account for the Department of Military and Veterans' Affairs' contribution to fund the system based on the actuarial requirements of the system as established by the commissioner of administration under this chapter;

(3) an expense account for representing administrative account are included in the g

(c) The Alaska State Pension Commission has the same powers and duties under AS 25.180. (§ 36 ch 137 SLA 1980; am § 16, 17 ch 141 SLA 1986; e

Effect of amendments. — The 1988 amendment, effective June 9, 1988, rewrote subsection (a) and "The commissioner of administration shall establish a fund for the system and maintain records for the system." and repealed subsection (c), which read "Investments in the fund may be made in accordance with AS 36.110."

The 1982 amendment substituted "State Pension Investment Board" for "State Pension Board."

Sec. 26.05.229. Definition

(1) "beneficiary" means a person designated by the member while living or upon the death of the member.

(2) "member" means a member of the Alaska National Guard or Alaska National Militia.

(3) "qualified domestic relation" means a relationship as defined in AS 25.24, including an order of protection.

(A) creates or recognizes the right of an alternate payee the right to, to receive a member's benefits.

(B) sets out the name and address of each alternate payee covered by the system.

(C) sets out the amount of the benefit, to be paid to the alternate payee or percentage is to be determined by the system.

(D) sets out the number of years of service required by the system.

(E) does not require any contribution by the member.

(F) does not require an alternate payee to be a qualified domestic relation.

(G) does not require the alternate payee to be paid to another alternate payee.

(4) "system" means the Alaska National Guard and Alaska National Militia retirement system. (§ 17 ch 159 SLA 1972; am § 31 ch 117 SLA 1986)

Reviser's notes. — Formerly numbered in 1986. Reorganized in 1988 to be the defined terms.

Cited in *Laing v. Laing*, 741 P.2d 649 (Alaska 1987).

Sec. 26.05.230. Armory

(a) Buildings and sites for

Sec. 24.05.230. Armories, training sites, and maintenance facilities.
(a) Buildings and sites for armory purposes may be leased or constructed, based upon

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location and size of units to be organized, and shall be financed through state and federal appropriations or both. These facilities may be made available by local communities or by the cooperative arrangement between the state and the federal government and any local community. Leasing and construction under this subsection are governed by AS 38.30 (State Procurement Code).

(b) The armory of each battalion, company, or other unit is subject to the order of the adjutant general and under the charge of its armory board which shall keep in the armory all property furnished by the state. Except for scout battalions organized under special authority of the Secretary of the Army, a unit may not be furnished with arms or equipment until a suitable armory is provided for their deposit. Subject to regulations adopted by the adjutant general, an armory may be used for any reasonable and legitimate civilian activity so long as the activity does not interfere with its use for military purposes. Proceeds received as rental or otherwise at an armory from nonmilitary use shall be deposited in the general fund.

(c) The adjutant general shall administer all target ranges belonging to or leased by the state for National Guard purposes. Gallery ranges may be maintained at all armories occupied by state troops and every command shall be given suitable instruction in marksmanship under direction of its commander, and regulations as authorized by the adjutant general. (§ 25 ch 150 SLA 1955; am § 1 ch 101 SLA 1966; am § 25 ch 106 SLA 1986; am § 46 ch 138 SLA 1986; am § 12 ch 90 SLA 1991)

Effect of amendments. — The 1991 amendment, effective July 3, 1991, in subsection (b), deleted the former last two sentences.

Sec. 26.05.235. Active duty training sites. Unless prohibited by federal regulation, no less than once every two training years, each unit of the Alaska Army National Guard shall train for annual active duty training at a site other than its regular base training site. Every effort shall be made to select a training site in a different type of environment from that of the regular base training site. (§ 2 ch 35 SLA 1976)

Cross references. — For purposes of this section, see § 1, ch. 39, SLA 1976 in the Temporary and Special Acts.

Sec. 26.05.240. Enlisted persons. An able-bodied person of good character who is a citizen of the United States or has declared an intention of becoming a citizen is eligible for enlistment in the National Guard or Naval Militia at the ages and for the periods of time that are prescribed in federal or state regulations in effect at time of enlistment. (§ 26 ch 150 SLA 1955; am § 5 ch 141 SLA 1972; am § 8 ch 34 SLA 1973)

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, §§ 41 — 43.
57 C.J.S. Militia § 12 et seq.

Validity of governmental requirements of oath of allegiance or loyalty as applied to militiamen. 16 ALR3d 328.

Sec. 26.05.250. Discharges. An enlisted person who is discharged from service in the organized militia of the state shall receive a notice of discharge in writing in the form and classification prescribed by state law or regulations. In time of peace or when there is no declaration of national emergency, a discharge may be given before the expiration of terms of enlistment under regulations prescribed by competent authority. (§ 27 ch 150 SLA 1955; am § 6 ch 141 SLA 1972)

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 45.
Judicial review of military action with respect to

type of discharge given member of Armed Forces, 92 ALR Fed 333.

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Sec. 26.05.260. Pay and disbursements of pay and

(b) Members of the Alaska National Guard receive, for each day of active service provided by federal law to the United States armed forces for active service performed beginning after June 30, 1964, 1 percent for each percent in excess of an annual increase of 30 days after the release of published immediately after

(c) *(Repealed, § 8 ch 56)*

(d) A member of the Alaska National Guard, including training or disability in the line of duty, AS 23.30 (Alaska Workers

(e) If a member of the Alaska National Guard suffered in the line of duty to and from the member's the amounts specified in

(f) *(Repealed, § 8 ch 56)*

(g) *(Repealed, § 8 ch 56)*

(h) For purposes of compensation of the organized militia, authorized for a member grade or rank as the organization

(i) In this section, "militia" means an enlisted man or woman in the Alaska National Guard; SLA 1964; am § 2 ch 19; SLA 1973; am §§ 1 — 4,

Revisor's notes. — Subsection (i). Renumbered in 1989, at which time section (h) was renumbered as (i).
Effect of amendments. — Effective July 1, 1989, subsection (i) "Alaska National Guard" where the term appears is substituted "performing duties

Sec. 26.05.265. Bonus. (c) of this section, an enlisted person in the militia who extends or entitled to a bonus if

(1) the extension or re-enlistment;
(2) at the time of the years of service creditable;
(3) on completion of it will have not more than

(b) The bonus is \$500 a total of \$3,000 for a completion of each year

**Military and Veterans Affairs Subcommittee
On
Privatization**

September 30, 1999

**Members Present: Chris Nelson, Bob Walsh, Mary Good, and
Debbie Higgins**

Chris called the meeting of the Subcommittee to order @ 11:45A.M. he reviewed the goals and objectives of the subcommittee and welcomed our guests from DMVA and the VFW.

Chris turned the meeting over to Mr. Jim Chase, Deputy Commissioner from the Department of Military and Veterans Affairs who presented an overview of the DMVA and its role and mission within the State of Alaska.

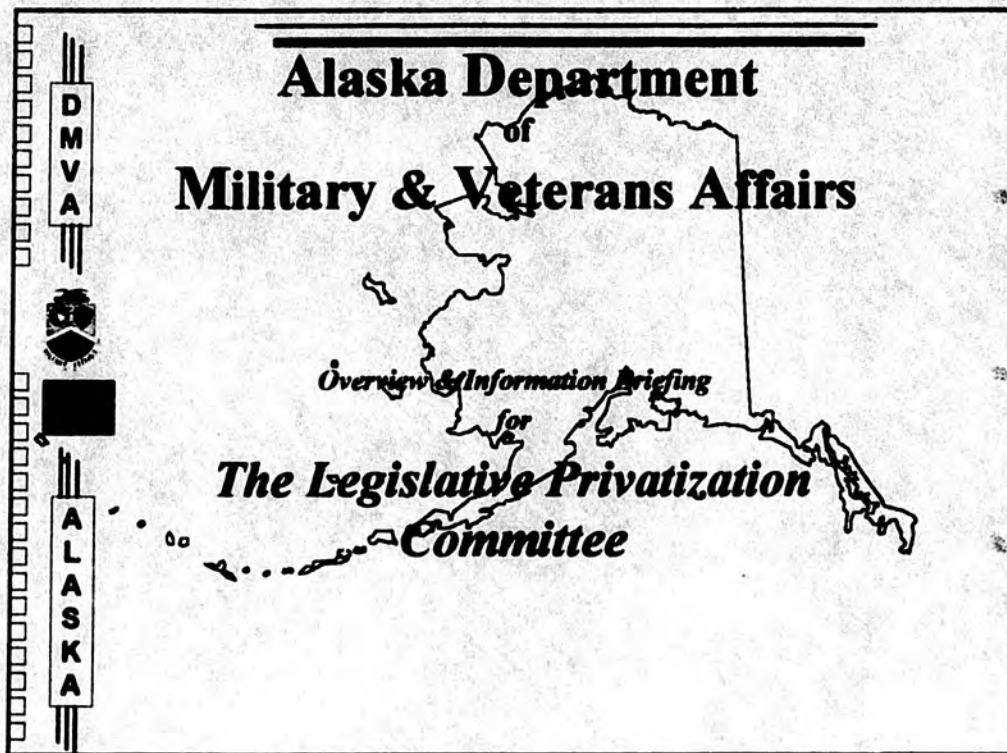
Mr. chase then introduced Mr. Gary Kurpius from the VFW to present and overview on the roles of the service officers within the VFW and how they interact with the Department. They are contractors to the DMVA along with the Disabled American Veterans and the American Legion. These organizations then conduct outreach to all veterans, their families and others that are connected in someway to one of the above mentioned organizations to assist to the needs of the veterans. They are not employees of the State of Alaska, but are either employees of the VFW, American Legion or the Disabled Veterans or they are volunteers that assist and process the various requests. Gary went on to explain the structure and how it all fit together within the overall picture. There were questions to Gary regarding the structure and the roles that either the Department or one of the agencies plays to get to the end product. They have in the VFW structure 12 full time employees and are handling some 2700 files per year.

The problems they are trying to solve are how are we feeding these applicants into the system? What organizations will assist with volunteers? Making sure that these applicants don't fall through the cracks.

Upon completion of this presentation Mr. Chase concluded his presentation with a wrap up of the issues that DMVA is currently facing with changes coming almost daily from Washington, D.C.

Chris Nelson summarized the overview and thanked the presenters and adjourned the meeting until October 14, 1999 @ 11:30AM.

If anyone has questions or corrections please feel free to contact me
Robert_Walsh@legis.state.ak.us



BRU & BUDGET

• Disaster Planning & Control	3,940.5
• Alaska National Guard	19,922.7
• Alaska National Guard Benefits	1,133.0
• Veterans' Affairs	620.5
• Front Section Appropriation	9,000.0

General Funds

Component Summary Department of Military and Veterans Affairs General Funds, CBR, and ILTF

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Disaster Planning and Control							
Disaster Planning & Control	536.3	487.9	489.3	489.3	489.3	0.0	0.0%
BRU Total:	536.3	487.9	489.3	489.3	489.3	0.0	0.0%
Alaska National Guard							
Office of the Commissioner	1,199.1	1,159.8	1,164.7	1,084.2	1,084.2	-80.5	-6.9%
National Guard Military Hdqtrs	92.3	195.5	196.2	196.2	196.2	0.0	0.0%
Army Guard Facilities Maint.	2,391.7	2,367.7	2,374.8	2,374.8	2,374.8	0.0	0.0%
Air Guard Facilities Maint.	818.2	828.2	830.6	830.6	830.6	0.0	0.0%
Youth Corps	608.0	600.0	1,281.0	1,281.0	1,281.0	0.0	0.0%
BRU Total:	5,109.3	5,151.2	5,847.3	5,766.8	5,766.8	-80.5	-1.4%
Alaska National Guard Benefits							
Educational Benefits	29.0	28.5	28.5	28.5	28.5	0.0	0.0%
Retirement Benefits	1,434.9	1,104.5	1,104.5	1,104.5	1,104.5	0.0	0.0%
BRU Total:	1,463.9	1,133.0	1,133.0	1,133.0	1,133.0	0.0	0.0%
Veterans' Affairs							
Veterans' Services	480.0	540.0	540.0	620.5	620.5	80.5	14.9%
BRU Total:	480.0	540.0	540.0	620.5	620.5	80.5	14.9%
Front Section Appropriation							
Disaster Relief Fund	2,400.0	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	2,400.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	9,989.5	7,312.1	8,009.6	8,009.6	8,009.6	0.0	0.0%
General Funds:	9,989.5	7,312.1	8,009.6	8,009.6	8,009.6	0.0	0.0%
Federal Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

Department Totals

Department of Military and Veterans Affairs

Description	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs FY2000 Governor	FY2000 Governor
Department Totals	34,746.7	34,841.2	36,373.7	36,373.7	34,742.4	-1,631.3	-4.5%
Objects of Expenditure :							
71000 Personal Services	11,446.1	10,913.7	11,570.9	12,170.4	12,206.7	635.8	5.5%
72000 Travel	642.6	492.9	492.9	493.3	549.3	56.4	11.4%
73000 Contractual	7,379.2	11,510.5	11,490.5	11,568.8	10,217.4	-1,273.1	-11.1%
74000 Supplies	966.4	1,328.8	1,328.8	1,356.2	1,366.4	37.6	2.8%
75000 Equipment	513.3	228.2	228.2	229.2	229.7	1.5	0.7%
76000 Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Claims	13,799.1	1,426.4	2,262.4	1,555.8	1,172.9	-1,089.5	-48.2%
78000 Miscellaneous	0.0	8,940.7	9,000.0	9,000.0	9,000.0	0.0	0.0%
Funding Sources :							
1002 Fed Rcpts	21,623.0	24,315.6	25,139.7	25,139.7	23,406.2	-1,733.5	-6.9%
1003 G/F Match	2,238.1	2,123.4	2,130.5	2,130.5	2,130.5	0.0	0.0%
1004 Gen Fund	7,731.8	5,160.3	5,845.8	5,850.7	5,850.7	4.9	0.1%
1005 GF/Prgm	19.6	28.4	28.4	28.4	28.4	0.0	0.0%
1007 I/A Rcpts	1,488.4	1,767.7	1,774.7	1,774.7	1,863.9	89.2	5.0%
1036 Cm Fish Ln	125.0	0.0	0.0	0.0	0.0	0.0	0.0%
1053 Invst Loss	0.0	0.0	4.9	0.0	0.0	-4.9	-100.0%
1055 IA/OIL HAZ	1,013.3	1,117.8	1,121.2	1,121.2	1,134.2	13.0	1.2%
1061 CIP Rcpts	503.6	313.0	313.5	313.5	313.5	0.0	0.0%
1108 Stat Desig	3.9	15.0	15.0	15.0	15.0	0.0	0.0%
Totals :							
General Funds	9,989.5	7,312.1	8,009.6	8,009.6	8,009.6	0.0	0.0%
Federal Funds	21,623.0	24,315.6	25,139.7	25,139.7	23,406.2	-1,733.5	-6.9%
Other Funds	3,134.2	3,213.5	3,224.4	3,224.4	3,326.6	102.2	3.2%

Positions :

Department Totals

Department of Military and Veterans Affairs

Description	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs	FY2000 Governor
Permanent Full Time	203	210	210	221	219	9	4.3%
Permanent Part Time	1	1	1	1	3	2	200.0%
Non Permanent	17	17	17	6	5	-12	-70.6%

FUND SOURCES

• FEDERAL FUNDS	23,406.2
• GENERAL FUNDS	7,883.9
• OTHER FUNDS	<u>3,326.6</u>
• TOTAL	34,616.7

STATUTORY/REGULATORY CITATIONS

- 10 USC CH 133
- 31 USC SEC 6301-6308
- AS 26
- AS 44
- AS 46
- NGR 420-10
- AR 130-400

CONTACT:

SUMMARY OF BRU SERVICES AND RESPONSIBILITIES: The Alaska National Guard is made up of the Commissioner/Adjutant General's office; two military divisions, the Air and Army Guard (each commanded by a Director/Asst. Adjutant General located in the Military Headquarters Component); the division of administrative services; the Alaska State Defense Force and the Naval Militia (volunteer organizations that support the Guard and the Division of Emergency Services during times of disaster); and the Army Guard facilities management division and the Air Guard Facility maintenance section, which support the state and federal missions of the military units. The Commissioner/Adjutant General directs/commands the entire federal/state structure. There are over 4,000 members of the Air and Army Guard who are under the command of the Adjutant General. There are 200 state employees who are directed by the Commissioner. This is a unique organization within state government. The federal government supports the structure in five ways: 1) supports 100% the military branches of the Air and Army Guard by paying salaries and other operations costs; 2) pays 100% of military construction of the Air Guard and 75% of all operation and maintenance of facilities (operation and maintenance funds are recognized on the state budget; 3) pays 100% of security guards, environmental, aircraft rescue and firefighters which are recognized on the state budget; 4) pays up to 100% of the facilities maintenance and operations of the Army guard depending on the mission of the units using the facilities; and 5) pays up to 100% of the military construction of the Army Guard depending on the mission of the units who will use the new facility (for example, fed scout facilities are 100% federal funds while training support facilities are 75/25%). This federal support is conditioned on the State providing funds for the Commissioner/Adjutant General's office, and the Assistant Adjutant Generals (Army and Air Directors in the Military Headquarters) and providing funds to meet the required state match in the maintenance and operations divisions.

SUMMARY OF BRU ISSUES: Nationally, there is pressure on the Department of Defense to reduce its budget. Competition for these scarce dollars is fierce. Army Guard units around the nation are being reduced. For Alaska, this competition has demanded that the Army Guard define the role it will play in the future Total Force. The Adjutant General has made this definition his first priority. There has been some progress on securing a role for the Army Guard with the Active Army. These new missions will require re-training and new equipment. The emphasis will be on security missions and aviation support. New aircraft are being allotted to the Alaska Army Guard in order to respond to this new mission. There are further missions to acquire in order to secure the Army Guard's future. In the end, however, Alaska may see fewer Guard positions because of the competition for these missions from other guard units. This retraining and securing additional missions is the first priority of the Army Guard Director.

The Air National Guard has been more successful in securing relevant missions for Alaska. In doing so, they have grown in personnel and equipment in the last 10 years. In order to house these units, new facilities have been built with federal funds. New Air Guard missions being pursued may increase federal positions in the Air Guard by over 500.

Both Air and Army Guard will be focused in the next few years on training and retraining to meet these mission goals while at the same time ensuring that the soldiers in both commands are provided the tools they need to remain and advance in the Guard. In order to do this the leadership of the Guard must ensure Alaska's Guard remains relevant in the changing world of the Total Force of the U. S. Armed Forces.

Securing missions then training, retraining or replacing units will be the major responsibility of the Directors/Asst. Adjutant Generals budgeted in Military Headquarters Component.

**BRU
OVERVIEW**

AGENCY MILITARY and VETERANS AFFAIRS

BRU ALASKA NATIONAL GUARD

Page 1 of 2

Revised Date:

FY00

CONTINUATION OF FORM BRU OVERVIEW:

Continued from BRU Overview: This BRU also includes the Youth Corps ChalleNGe program which has been funded 100% by the federal government. Recently, Congress reauthorized this pilot program. The reauthorization included a requirement that states begin to support the program by providing the following match: FFY98, 25%; FFY99, 30%; FFY00, 35%; and FFY01 and future years 40%. This program's objective is to intercede on the behalf of 16-18 year-old at-risk youth, instill self-discipline and provide either a GED or the means to graduate from high school. The success rate of this program in keeping young adults out of youth detention facilities or adult corrections and gainfully employed is 92%.

Continued from BRU Issues:

The major issue concerning this Army Guard & Air Guard facilities components is whether or not the State of Alaska's fiscal contribution will remain sufficient to continue the current level of federal funding of the Alaska National Guard. The very small investment of state funds generates about a 22:1 return on investment in federal funds directly spent throughout Alaska. Budget reductions below the current funding level have the potential to seriously jeopardize the federal funds Alaska receives from the National Guard Bureau. These total over \$110 million per year. In addition, the condition of Army Guard state armories, is deteriorating rapidly. The current funding level is insufficient to keep current on preventive maintenance, and the backlog of deferred maintenance statewide is over \$5 million in state general funds.

The Alaska Youth Corps ChalleNGe program has been in existence for four years as a pilot program. The U.S. Congress reauthorized this program for FFY 98 and funded a part of its operations. In previous years, it was 100% federally funded but in FFY 98 the funding mix has been set by the feds at 75/25. In addition, the funding mix will increase in the future until state's are supporting the program with 40% of the funds if states choose to participate. This program has been highly successfully in the four years since inception. More that 500 youth-at-risk have entered and graduated from this program. 92% of those have successfully avoided juvenile or adult correctional facilities. These young adults were those most likely to interact with law enforcement and correctional facilities prior to completing this program.

**ADDITIONAL
EXPLANATION
FORM**

AGENCY MILITARY and VETERANS AFFAIRS

BRU ALASKA NATIONAL GUARD

Page 2 of 2

Revised Date:

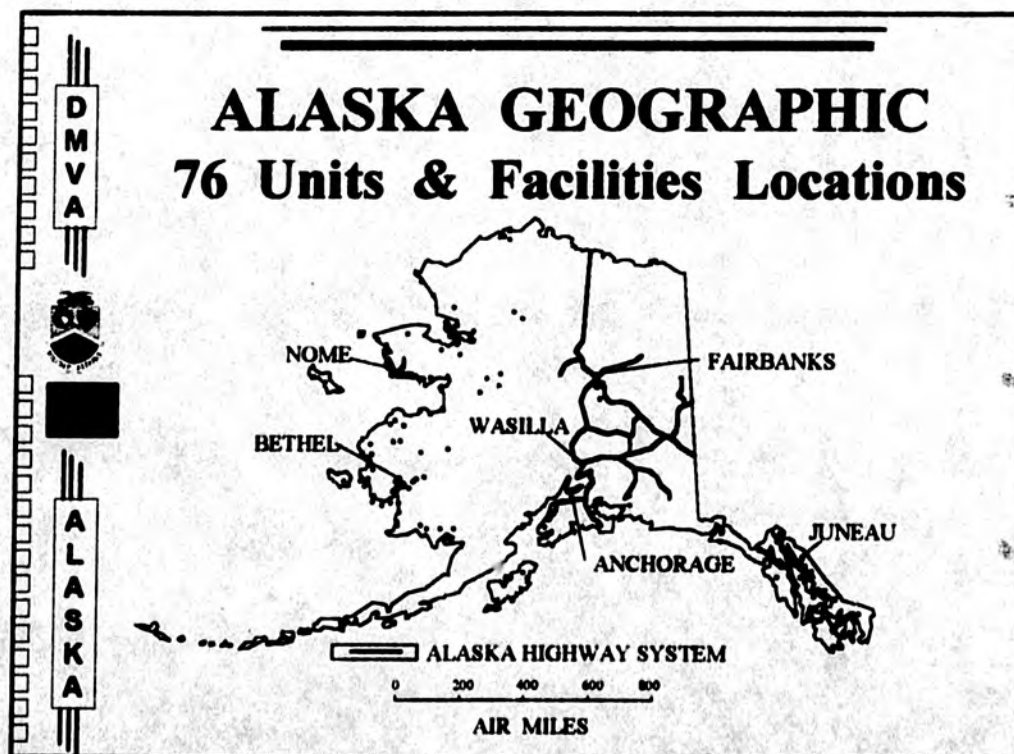
FY00

0000075

DMVA
ALASKA

DMVA MISSION

Provide relevant, ready, quality forces
and services for Alaskans and the
Nation.



DMVA



ALASKA

ALASKA GEOGRAPHIC

- 615,000 People
 - 93,000 Native Alaskans
 - Organized in Tribes and Corporations
 - 65,000 + Military Veterans
 - 28,000 College Students
 - Blend of Pacific, Arctic & U.S. Populations

DMVA



ALASKA

DMVA GEOGRAPHIC

- 4,500 + Military Members, State Employees, Youth Corps Cadets and Volunteers.
- 76 Community locations including
 - Readiness Centers, Armories, Camps, Air Facilities, Training Areas and Bases

DMVA

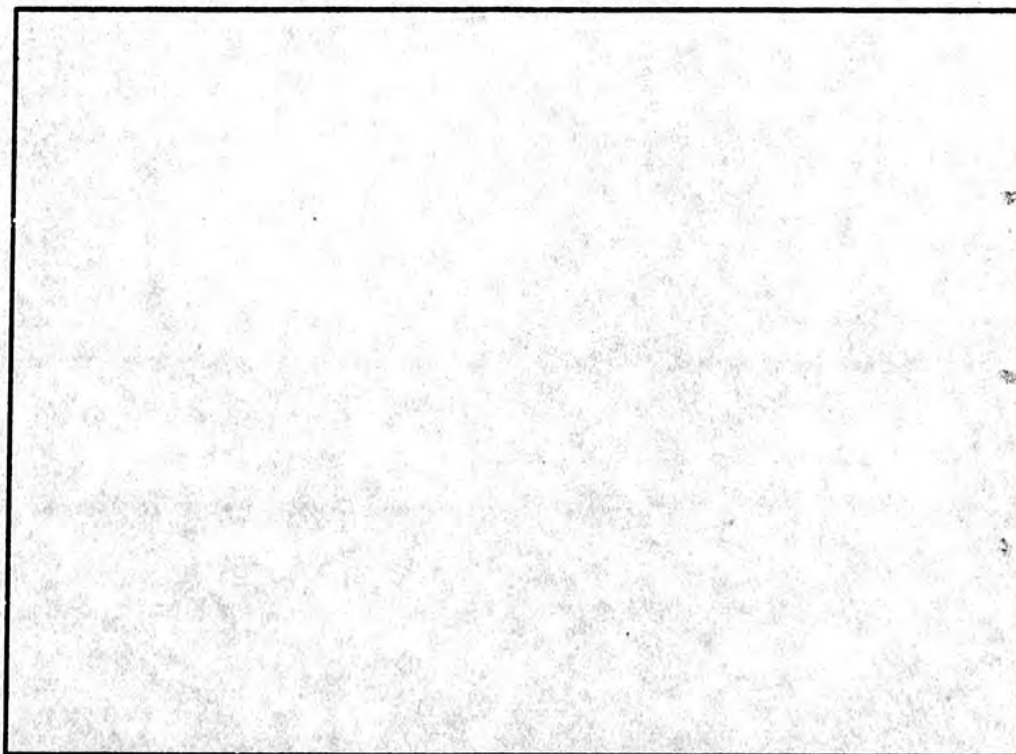


ALASKA

DMVA ORGANIZATION

Veterans Affairs

- Advocacy for Veterans and Issues
- Coordination with Local, State, and Federal Groups
- Oversight of Veterans Service Officers
- Leadership of Special Projects and Programs



DMVA



ALASKA

DMVA ORGANIZATION

Youth Corps ChalleNGE Program

- 92% on successful path
- 80% receive GED
- 55% are employed
- 30% pursue further academic or vocational goals
- Over 720 graduates since '93

DMVA



ALASKA

DMVA ORGANIZATION

Counter Drug Program

- Alaska National Guard provides:
 - Local, State & Federal Inter-Agency Coordination and Support
 - Training
 - Reconnaissance / Observation
 - Over \$65M in drug seizures

DMVA

ALASKA

DMVA ORGANIZATION

Counter Drug Program

- Community Outreach
- Work with 50,000 youth & 3,000 adults in a multi-agency effort through schools and youth organizations annually
- Actively support Alaska Federation of Natives Sobriety Movement

DMVA

ALASKA

DMVA ORGANIZATION

Alaska Naval Militia

- Called for by State Constitution
- 105 + Members
- Dual Membership
- Augments Division of Emergency Services and the DMVA Joint Staff during emergencies and disasters

DMVA



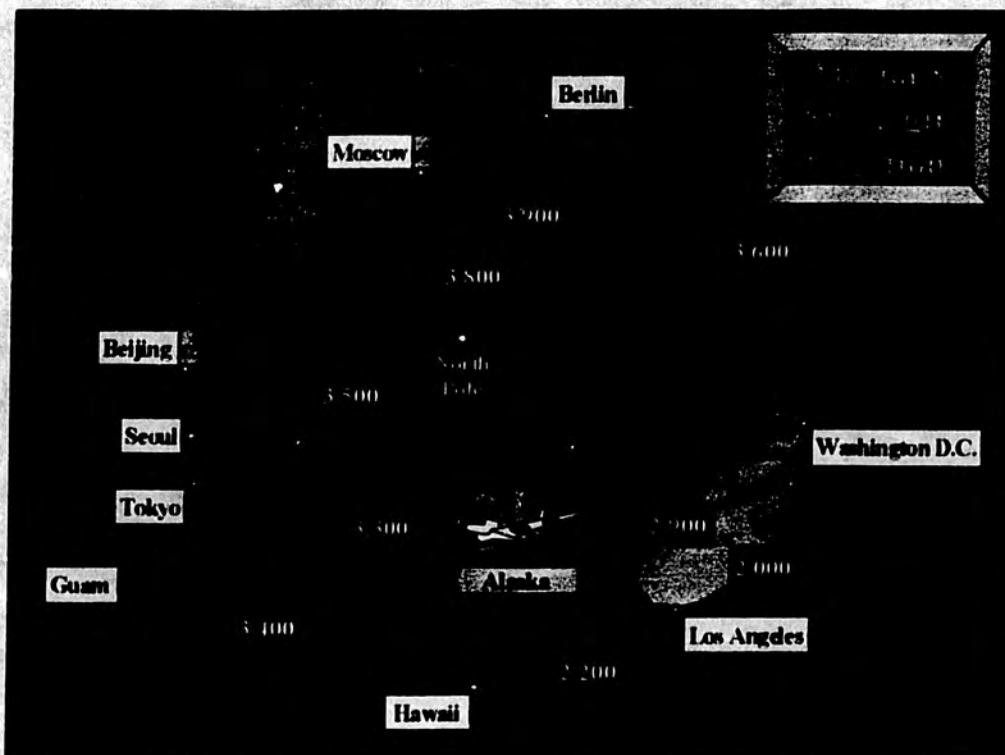
ALASKA

DMVA ORGANIZATION

Alaska State Defense Force

- Called for by State Constitution
- 250 + Members (Cadre)
- Civil Affairs Regiment
- Augments Division of Emergency Services and the DMVA Joint Staff during emergencies and disasters





**RTNER WITH THE
FORCE**

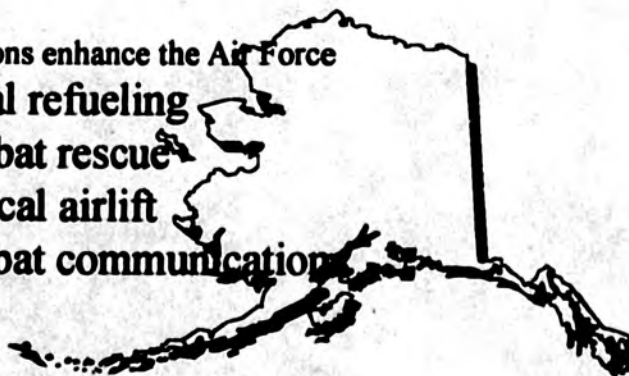
Our missions enhance the Air Force

Aerial refueling

Combat rescue

Tactical airlift

Combat communication





We Serve Alaskans & the Nation

Our State Role -

- Protect life and property, peace and order**
- Provide military support to civil authority**
- Add value to our communities**

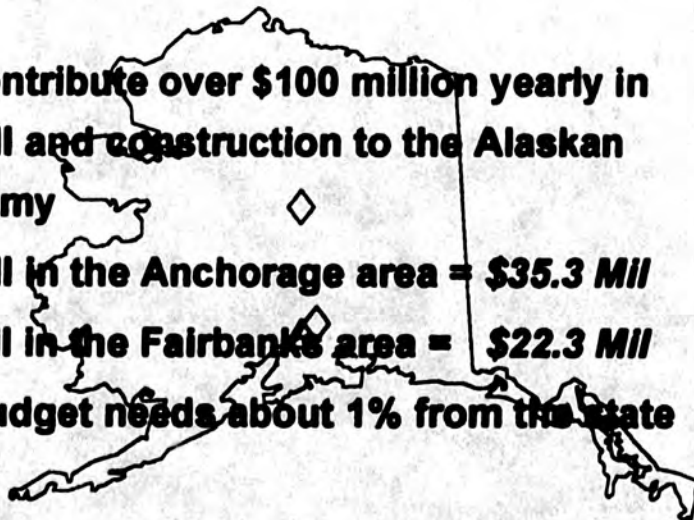
Our Federal Role -

- Support U.S. Military Strategy**
- Train and prepare for war**
- Train and prepare for "OOTW"**



The Alaska Air Guard ...

- We contribute over \$100 million yearly in payroll and construction to the Alaskan economy**
- Payroll in the Anchorage area = \$35.3 Mil**
- Payroll in the Fairbanks area = \$22.3 Mil**
- Our budget needs about 1% from the state**



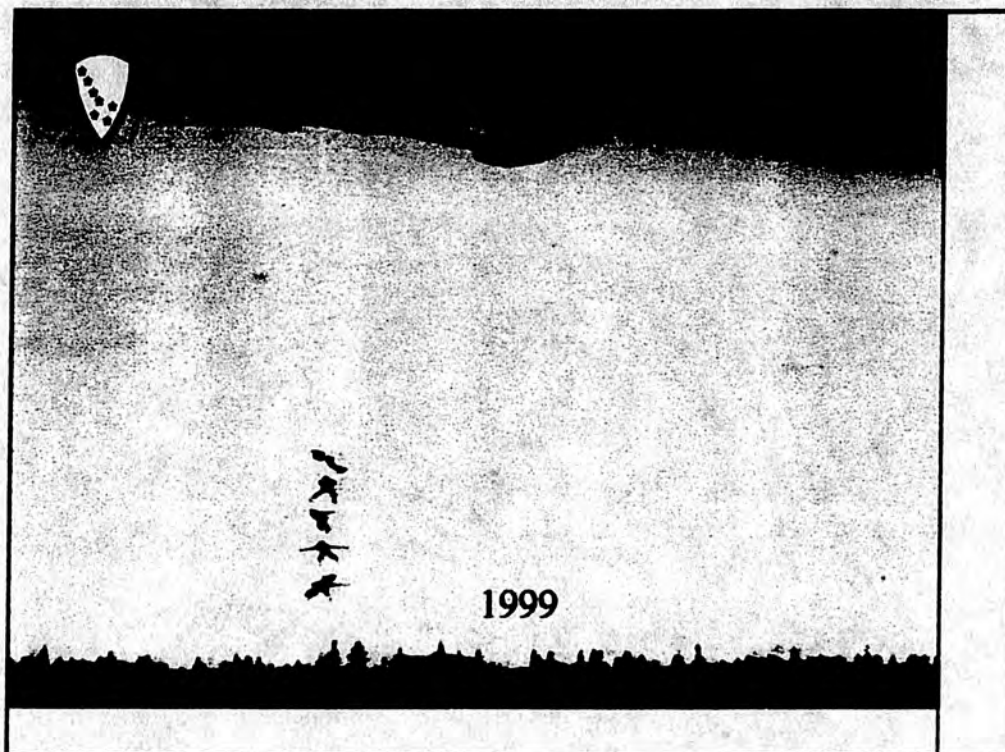


The Guard is a basic sector industry



- Basic industries are vital to Alaskan Economy
 - Products are produced for export
 - Revenue received is new money to the state
- Examples:
 - Oil & Gas Industry/Commercial Fishing/Mining/Timber
- The Air & Army Guard Qualify:
 - 98% of funding is federal (*New Money*)
 - The Guard exports defense
- Basic industries make non-basic industries possible





MISSION

Organize, man, equip and train quality units to conduct tactical operations and stability support operations in support of worldwide United States Army requirements and State of Alaska emergency missions.

FEDERAL

- Security and protection.
- Long range communications.
- Rotary and fixed wing aviation support.
- Stability support operations



MISSION

Organize, man, equip and train quality units to conduct tactical operations and stability support operations in support of worldwide United States Army requirements and State of Alaska emergency missions.

STATE

- Conduct search and rescue missions.
- Assist in community affairs projects.
- Provide disaster relief assistance.
- Be responsive to State programs which benefit quality of life, civic pride and cultural identity.



MISSION

Early 1950s to 1992

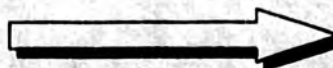
Reconnaissance/Surveillance
Long Range Communications
Operationally Deployed

New Federal Missions
New METL
New Organizations

1992 to Present

Critical Site Security
General Support Aviation
Mobilization Readiness

3,900 authorized

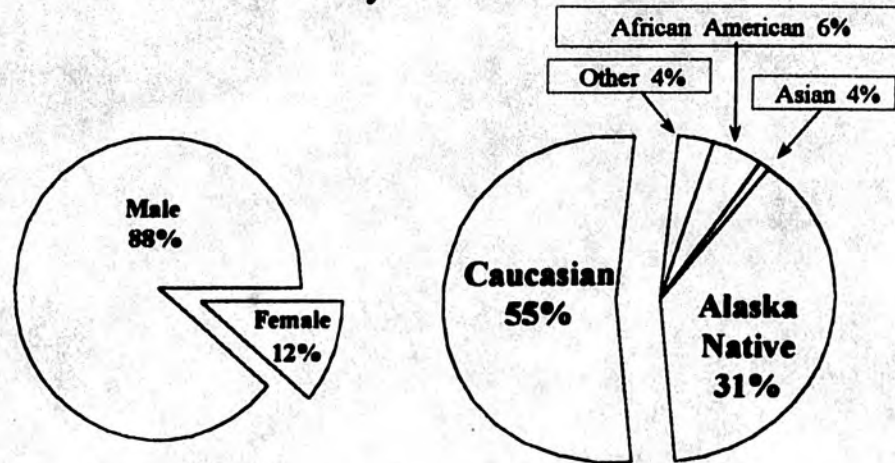


2,020 authorized



DEMOGRAPHICS

Alaska Army National Guard

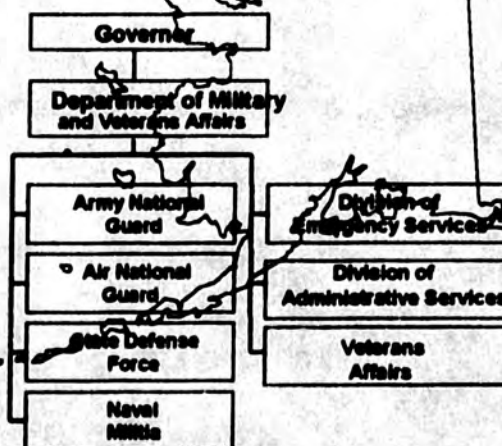


Total Assigned Soldiers = 1882



Alaska Division of Emergency Services

Departmental Organization



Alaska Division of Emergency Services

Mission

“Alaska’s Division of Emergency Services is to lead, coordinate, and support the emergency management system, in order to protect lives and prevent the the loss of property from all hazards.”

Alaska Division of Emergency Services

Regions



Alaska Division of Emergency Services

- Isolation from Lower 48
- Harsh Climate
- Rugged Terrain
- Travel Constraints

Alaska Division of Emergency Services cont.

- Unusual Local Government Structures
- Three Unified Home Rule Municipalities
- Fourteen Boroughs
- Unorganized Borough
 - 60% of the land
 - 97 of 149 Incorporated Cities

Alaska Division of Emergency Services

*Governor's Disaster
Policy Cabinet (DPC)*

- Provides recommendation to the Governor
- Members
 - Core departmental commissioners
 - Attorney General
 - Director, Office of Management & Budget
- Commissioner, DMVA (TAG) is chair

Alaska Division of Emergency Services

Vision

**“... through partnerships
leading the way in Emergency
Management.”**

STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1997-98
QUARTERLY
CONSOLIDATED ACTIVITIES REPORT

JAN-MAR APR-JUN JUL-SEP OCT-DEC

Veterans Organization Joint Venture

*DNVA
9/30 Handout*

*From VFW
VW/BW*

CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
735	2679
1216	4019
471	1984
48	386
171	515
\$6,558,519	\$26,279,368

I certify that the above data is
an accurate report of the service
work activities performed by this
organization's service officers:

J. J. Han
Service Officer

John W. Edmunds
Commander or Adjutant, Dept. Of AK

[Signature]
Member, Joint Venture

Sean Berliam
Member, Joint Venture

Approved:

Charles McLeod, Jr.
Charles McLeod, Jr. State Coordinator
for Veterans Affairs

Recommendations and Remarks:

EXHIBIT C

**STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1996-97
QUARTERLY
CONSOLIDATED ACTIVITIES REPORT**

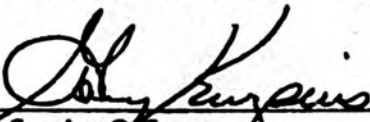
JAN-MAR APR-JUN JUL-SEP OCT-DEC

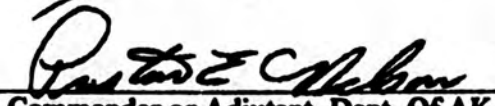
Veterans Organization Joint Venture

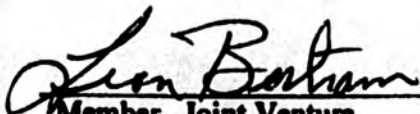
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CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

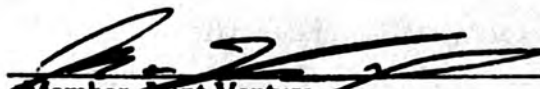
CURRENT QTR	YEAR TO DATE
608	4035
1103	7673
415	2115
55	350
117	595
\$4,138,384	\$19,415,357

I certify that the above data is
an accurate report of the service
work activities performed by this
organization's service officers:


Service Officer


Commander or Adjutant, Dept. Of AK


Member, Joint Venture


Member, Joint Venture

Approved:


Charles McLeod, Jr. State Coordinator
for Veterans Affairs

Recommendations and Remarks:

EXHIBIT C

**STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1995-96
QUARTERLY
CONSOLIDATED ACTIVITIES REPORT**

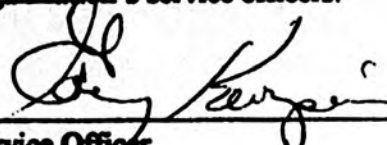
JAN-MAR APR-JUN JUL-SEP OCT-DEC

Veterans Organization Joint Venture

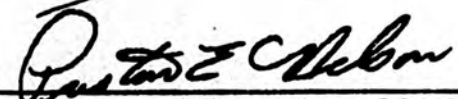
CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
480	1946
3828	10235
528	2093
107	331
153	591
6,265,482	21,180,740

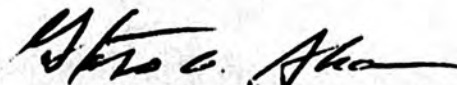
I certify that the above data is
an accurate report of the service
work activities performed by this
organization's service officers:



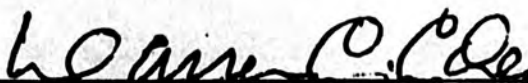
Service Officer



Commander or Adjutant, Dept. Of AK



Member, Joint Venture



Member, Joint Venture

Approved:

ROGER T. SCHNELL
Assistant Commissioner

Recommendations and Remarks:

EXHIBIT C

STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1994-95

QUARTERLY
CONSOLIDATED ACTIVITIES REPORT

JAN-MAR ~~APR-JUN~~ JUL-SEP OCT-DEC

Veterans Organization Joint Venture

CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
517	1912
2073	7221
374	1507
141	439
159	805
\$ 6,955,560	\$ 33,791,737

I certify that the above data is an accurate report of the service work activities performed by this organization's service officers:

[Signature]
Service Officer

[Signature]
Commander or Adjutant, Dept. of Ak.

[Signature]
Member, Joint Venture

[Signature]
Member, Joint Venture

Recommendations and Remarks:

Approved:

ROGER T. SCHNELL
Assistant Commissioner

September 16, 1999

**Department of Military and Veterans Subcommittee
On Privatization**

Present: Chris Nelson, Chair; Roger Graves, Bob Walsh, Marco Pignalberi, Don Dietz, Casey Sullivan

Absent: Mary Goode

Chris called the Subcommittee to order at 11:30 on this date, Introductions were made around the table, General review of the packet were discussed, and the personnel contact sheet were filled out and returned to Marco.

Chris reviewed his meeting with General Oats that he had with him on Monday of this week. He informed the assembled that Mr. Jim Clark would be the Departments Point of Contact for this Committee. The first thing that we want to do is check out scheduled out to see when it would be best to meet as a group to complete our assigned tasks.

There was a general discussion on the issues that should be covered and in what order. 1.) General Overview of the Department. 2.) Roles of the Veterans Service Officers. 3.) Emergency Response plans from the various Departments that use Emergency Services. 4.) Role of the Alaska State Defense Force and the Naval Militia. 5.) Review of the communications systems that the various agencies use when responding to and emergency. 6.) Review of SB 169 with regards to DEC and reporting of an emergency.

Meetings were set for the following dates:

September 30 @ 11:30A.M. With Jim Chase and a Departmental Overview, Veterans Affairs w/ service officers invited.

October 14, 1999 @ 11:30A.M. With Division of Emergency Services, Interactions and coordination with DEC, DNR, DPS, and others that are affected.

October 19, 1999 @ 11:30A.M. Review of the State Defense Force, is role and mission, what is the state support? As well as the Naval Militia.

What we really need to do is set a date for all accounting numbers so that they are set. Those dates will be 6/30/99 and 9/30/99.

Need to be very specific with the Department when making requests so that we just receive the facts that we need for the committee to make decent decisions. Request of the Department their history of cost containment measure from the last three years.

Meeting adjourned at 12:20PM

Department of Military & Veterans Affairs Subcommittee Membership							
Nelson	Chris	269-0218	269-0221		State Legislature - Sen T. Kelly	Chris_Nelson@legis.state.ak.us	
Chase	Jim	428-8864	428-8019		Military & Veterans Affairs - Dept Contact	Jim_Chase@ak_prepared.com	
Doherty	Len	276-1090	N/A			N/A	
Goode	Mary	333-5814	N/A		Muni of Anchorage HESS - Dept Director	graves@eservcom.com	
Holl	Roger	272-8547	272-6543	333-6803			
Sullivan	Casey	269-0174	269-0177		State Legislature - Rep Murkowski	Casey_Sullivan@legis.state.ak.us	
Walsh	Bob	269-0272	269-0273				
Ward	Jerry	269-0108	269-0109		Alaska State Legislature - Senate	Senator_Jerry_Ward@legis.state.ak.us	

+ DON DIETZ

+ ROGER GRAY

CHRONICLER: DEBBIE HIGGINS for
Sen. JERRY WARD
~~DEBBIE HIGGINS~~

ANNETTE -
MEMBER INFO ATTACHED.
THEY'D LIKE TO SCHEDULE
MEETINGS FOR:

- 1) 9/30, THU @ 11:30AM
- 2) 10/14, THU @ 11:30AM
- 3) 10/19, TUE @ 11:30AM

PLEASE LET ME KNOW IF THAT'S OK.
THEY DON'T KNOW WHICH, IF ANY, WILL
REQUIRE TELECONFERENCING CAP.

THANKS. DEBBIE

9/14/99 10:58 AM

NOTICE

SPONSOR:

COMMISSION ON PRIVATIZATION

TOPIC:

Subcommittee Meeting

MILITARY AND VETERAN AFFAIRS

DATE:	9-16-99
TIME:	11:30
PLACE:	Room 220
TESTIMONY:	Invitational



and Delivery of Government Services

www.privatizealaska.org

NOTICE OF SUBCOMMITTEE MEETING

Subcommittee Name: **DEPARTMENT OF MILITARY & VETERAN AFFAIRS**

Chairperson: Chris Nelson

Phone: 269-0219

Committee Members:

Chris Nelson	Roger Holl
Jim Chase	Casey Sullivan
Len Doherty	Bob Walsh
Mary Goode	Jerry Ward

Date: **THURSDAY, September 16, 11:30 AM**

Place: Legislative Information Office
716 W. 4th Avenue
Second Floor Conference Room

If you have any questions please call Representative John Cowdery's office at 269-0222 or Senator Wards office at 269-0106.

The web site has a current list of members and schedule of meetings posted daily!

www.privatizealaska.org

Department of Military & Veterans Affairs Subcommittee Membership							
Nelson	Chris	269-0219	269-02221		State Legislature - Sen T. Kelly	Chris_Nelson@legis.state.ak.us	
Chase	Jim	428-6854	428-6019		Military & Veterans Affair - Dept Contact	Jim_Chase@ak_prepared.com	
Doherty	Len	276-1090	N/A			N/A	
Goode	Mary	333-5814	N/A		Muni of Anchorage HESS - Dept Director	graves@servcom.com	
Holl	Roger	272-8547	272-5343	333-6803			
Sullivan	Casey	269-0174	269-0177		State Legislature - Rep Murkowski	Casey_Sullivan@legis.state.ak.us	
Walsh	Bob	269-0272	269-0273				
Ward	Jerry	269-0106	269-0109		Alaska State Legislature - Senate	Senator_Jerry_Ward@legis.state.ak.us	

LMR
LM



and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward

Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
William Prosser
Helvi Sandvik
Kathryn Thomas
Don Valesko
George Wuerch

FAX COVER SHEET

To:

Number:

From:

Number:

Date:

Subject:

of pages including cover:

Notes:

Department of Military & Veterans Affairs Subcommittee Members

Nelson	Chris	269-0221	Joint Armed Services Committee - State Leg.
Chase	Jim	428-6019	Military & Veterans Affairs - Dept Contact
Dietz	Don	277-5636	Muni of Anchorage - Port of Anchorage
Doherty	Len	N/A	
Good	Mary	N/A	USPS Analyst
Graves	Roger	277-5636	Port of Anchorage
Sullivan	Casey	269-0177	State Legislature - Rep Murkowski
Walsh	Bob	269-0273	State of Alaska - Legislature
Ward	Jerry	269-0109	Alaska State Legislature - Senate

CEO Defense Task Privatization Task Force

SECTION ONE Privatization

Index

- [Privatization At The Federal Level](#)
- [Privatization Initiatives Within The Department Of Defense](#)
- [Privatization Is Not A New Activity](#)
- [The Magnitude Of The Privatization Effort Is The Difference](#)
- [Privatization Of Depots](#)



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PRIVATIZATION AT THE FEDERAL LEVEL

We can no longer afford to pay more for--and get less from--our government. The answer for every problem cannot always be another program or more money. It is time to radically change the way the government operates--to shift from top-down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up. We must reward the people and ideas that work and get rid of those that don't.[Footnote1](#)

The National Performance Review (NPR) was one of the Clinton Administration's first initiatives and has become a principal tenet of its campaign to reinvent government. Led by Vice President Gore, it was a six-month assessment of government agency past performance and how that performance might improve in the future. The report represented a general indictment of the federal government's ability to deliver cost-effective services through many of its operations. The strength of this charge is clear in the comments made by the Vice President when he submitted the report: "...the world has changed. The American people are demanding that we change the way it operates. It doesn't work well now. It costs too much money. It performs very poorly. We want to make it work better and cost less...."[Footnote2](#) These sentiments, expressed at the most senior level of the Administration, underscore how pervasive is the belief that the federal bureaucracy is inefficient, ineffective. Further, they emphasize the urgency of reengineering governmental procedures in order to improve service delivery to its customer--the American people. This imperative, combined with both the increasing pressure to reduce the federal budget and the changes initiated in Congress in 1994, have created a powerful engine for change--and that change is under way.

The Clinton Administration's focus to reform government operations was distilled into the four primary themes of the NPR: Putting Customers First, Cutting Red Tape, Empowering Employees to Get Results, and Cutting Back to Basics. All four of these themes, but especially the last--Cutting Back to Basics--provide the impetus for moving service delivery capability to the most effective provider. While there have been efforts to do this in the past, this time there is an important difference evident. Unlike previous initiatives, the new provider is no longer assumed to be a federal entity. In fact, the assumption is clearly the opposite. The recognition that for years private industry has been outsourcing certain functions in order to reduce costs and improve performance offers confidence that the federal government can do the same.[Footnote3](#) As industry leaders, we endorse this process and encourage government at all levels to pursue privatization alternatives. We believe the marketplace will always

provide taxpayers a better return on their investment. This faith in free enterprise was shared by *The Wall Street Journal* in an April 1993 article that reported the government saves an average of 25 percent per year per contract when it turns over functions to contractors.^{Footnote4} It is clear the bottom line is a powerful tool for encouraging efficiencies. It forces companies to use processes to produce results, not view the process as a goal in and of itself. Unfortunately, such a tool does not exist in the bureaucracies of government. As a consequence, this orientation is difficult to achieve in the consensus-focused organizations that constitute governmental bodies.

Making the case for a smaller federal government-expending less of its resources duplicating services that can be provided more efficiently by the private sector-is not difficult. We recognize, however, that the process of trimming government operations is not an easy one, and privatization is only one of several methods of downsizing (rightsizing) operations. Before any action to trim functions can be undertaken, government must accurately assess what it does. Given the size and complexity of federal government, this is not an easy task. Even after completion of a basic inventory of functions, decisions must be made about which are reasonable candidates for divestiture. Of those which are not the inherent responsibility of government and therefore can be shed, two important tests must be applied.^{Footnote5} First, the private sector must agree it can perform the function, i.e., it has the capability. Second, performance of the function must be of value to the private sector. Unless both tests are passed, responsibility for the function cannot be passed to the private sector. Finally, the method of downsizing must be matched to the task, and incentives, to encourage the desired results, must be created.

As noted above, privatization is only one of several ways to downsize government. Although this report will focus on Department of Defense (DOD) efforts to privatize functions, other federal agencies are pursuing initiatives based on other methods of divestiture. The following five initiatives provide a better understanding of the various alternatives available. They are, from the narrowest to the broadest perspective: Public/Private Contract Competitions, Creation of Public/Private Partnerships, Establishment of Quasi-Government Corporations, Privatization, and Service Termination. Again, DOD is focusing on privatization; so, then, will our discussion.

Privatization assumes that a function or service is still required and necessary, but that the government no longer needs to maintain direct control of the function or service. In true privatization, the transfer of function must be permanent and the government must actually eliminate the capacity to perform the work. There are many examples of true privatization, both in the United States and in other nations. At the United States federal level, they include the provision of concessionaire services in national parks by private companies, the General Service Administration's lease of more than 150 million square feet of office space for government agencies, and private day care providers for the children of federal employees. In fact, service contractors currently conduct approximately \$70 billion of business with the federal government each year.^{Footnote6} Local and state governments have also privatized such functions as prison operation, food service, emergency medical care, parking enforcement, and information systems management. Other nations offer examples of the privatization of entire industries. Rail systems and telecommunications in Great Britain and Argentina provide two examples. The sell-off of state-owned companies in former communist countries provides many other examples of privatization.

As noted above, there are many examples of privatization. However, we will narrow the focus to initiatives within the DOD to trim support structures and allocate a greater portion of its budget to modernization and readiness. The DOD has focused on using the tool of privatization to effect these outcomes.



[Back to the Top of Page](#)

Privatization Initiatives Within the Department of Defense

*...the Department will develop outsourcing plans for depot maintenance and material supply management and will investigate outsourcing opportunities in the areas of medical care, family housing, finance and accounting, data center operations, education and training, and base management and infrastructure.*Footnote7

The publication of the report on the Commission on Roles and Missions of the Armed Forces (CORM) provided the general public, and its congressional representatives, a heightened awareness of the DOD's plans to privatize significant portions of its operations. The decisions of the Base Closure and Realignment Commission (BRAC) as they affect two Air Force Bases--McClellan Air Force Base, California, and Kelly Air Force Base, Texas--further focused national attention on what appeared to be a revolutionary and perhaps draconian approach to trimming the DOD budget. However, efforts by the services to privatize support functions, or even maintenance activities, are not new.



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Privatization Is Not A New Activity

For many years, DOD has been privatizing functions. In fact, every military installation of significant size has a commercial activities office. These offices, and the government employees who staff them, oversee the private sector contractors who serve the bases; and those contractors provide a wide range of support. For example, the Department of the Army has turned to the private sector for virtually all of its laundry and dry cleaning, the majority of vehicle operations and maintenance, information management, and engineering support requirements. Most military cafeterias and dining facilities feed their customers better, faster, and less expensively than the military "mess halls" they replace. Fast-food restaurants built and operating on government property, inside the gate, are an even better example of how far DOD has moved away from directly satisfying all the needs of its own.

Operations more directly associated with the primary mission of DOD, to train, field, and maintain combat forces, have also been transferred to the private sector. For example, the Department of the Air Force has long relied on contractors to maintain the aircraft and mission simulators it uses to train combat aircrews. Some of the initial tactical training is provided to new crewmembers by contract employees. Portions of aircrew recurring training are provided by the private sector through the Contracted Training Flight Services program (formerly Air Defense Target and Electronic Countermeasures Training). The space and missile test ranges receive essentially all of their day-to-day support, including fire protection, security, and property maintenance, from private companies. Training aircraft at many Air Education and Training Command bases are maintained by contractor services. A fundamental tenet of the Marine Corps' ability to project combat forces into many parts of the world relies on the use of pre-positioning ships with equipment and material. Those ships are owned by private companies and operated by civilian crews. Sharing the responsibility of supporting, servicing, training, and maintaining the armed forces with the private sector is not a new idea. In January 1995, DOD reported to the Congress that almost 200,000 work years of contractor support were used by the Department.Footnote8



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The Magnitude of The Privatization Effort Is The Difference

Although DOD has broad experience in outsourcing work, it has never before attempted the degree to which reliance on the private sector is under serious consideration today. Even with the 200,000 work years already contracted, there is enormous potential for further privatization. In January 1995, DOD

reported to Congress that as many as 250,000 civilian employees are doing commercial-type activities that do not need to be performed by government employees.^{Footnote9} These employees represent approximately 29 percent of the total work force within DOD.^{Footnote10} The CORM defined support functions using the eleven major budget programs and identified approximately \$120 billion per year which could possibly be outsourced. Using the CORM's estimates for potential savings, outsourcing these activities could provide an additional \$36 billion per year for higher priority needs, such as modernization and readiness.^{Footnote11} Potential savings have provided DOD a powerful incentive to pursue privatization, and it is. In his comments to the Chairman of the Senate Committee on Armed Services, the Secretary of Defense committed to "outsourcing much of the commercial type support activities."^{Footnote12}

Candidate activities cut across a range of disciplines including depot maintenance, materials management, medical care, family housing, finance and accounting, data center operations, education and training, base management, and infrastructure support. At the highest level, the CORM's recommendation is for the DOD to stop performing any functions that do not directly contribute to warfighting. To this end, a significant DOD goal is the transfer to the private sector of much of the depot-level maintenance, remanufacturing, and modification of military equipment. Of the \$120 billion mentioned above, a Congressionally-directed study noted, "the Pentagon's depot business has totaled about \$15 billion annually in recent years."^{Footnote13}


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Privatization of Depots

Privatize, yes, we're going to do that. We're doing it with the depots, we're going to do it with a whole array--or look at doing it with a whole array of other issues.... Privatization of depots came from the [Commission on Roles and Missions of the Armed Forces] report.^{Footnote14}

The current depot structure grew out of the need to produce, support, and maintain defense equipment when the private sector was unable or unwilling to do so because of limited capacity and other production opportunities. Its growth was further spurred by the higher priority given defense requirements in the allocation of resources during the Cold War. For example, in 1967 the defense budget consumed 9.8 percent of the Gross Domestic Product (GDP). It has steadily decreased, with the exception of a period in the 1980s, to less than 4 percent of GDP, and it is projected to continue dropping to 2.9 percent by the year 2000.^{Footnote15} Acknowledging that the use of "percentage of GDP" as the only measure will not yield a sophisticated economic analysis, it does, however, provide a general reference to the priority given the defense budget in resource issues. As the budget has decreased--35 percent (real dollars) since 1985--DOD has not decreased its support and depot structure at the same rate. The result is a disproportionately large support expense, when compared to the size of the combat forces supported. In his transmittal letter of the DOD BRAC Recommendations, Secretary of Defense Perry emphasized the importance of rectifying the imbalance between money and facilities. He stated, "...if we fail to bring our infrastructure in line with our force structure and budget, we will lack the funds to maintain our readiness and modernization in years to come."^{Footnote16} His recommendations, specifically those concerning depot facilities, were designed to help improve the balance.

Along with the decreasing availability of resources for defense, a second major trend has emerged which questions many of the reasons the depot system exists. The alternative not previously available, the private sector, expanded in size, capability, and sophistication. Although the start of the private sector buildup lagged the depots, it grew steadily during much of the Cold War. Now, commercial services for nearly every need are not only available, they are generally more efficient and cost effective. As previously noted, the OMB estimates 20 percent lower costs when commercial-type activities are moved from the public to the private sector.^{Footnote17} While the prospect of an additional 20 percent for

modernization should encourage DOD to privatize workload, anticipation of a new market of nearly \$12 billion in work per year provides a like incentive to the private sector. Moreover, since industry is already performing 30 percent of the depot-level work, it is reasonable to assume the private sector can complete the bulk of what remains at significant savings to the taxpayer. There no longer appears the need for DOD to do this work in-house. Even discounting the savings to the taxpayer, there is great reason to rely on industry for support.

When the Cold War ended, both the public and private sectors were faced with significant excess capacity. The Air Force's BRAC 95 analysis identified 40 percent excess capacity. As a result of aggressive consolidation of their operations, industry reports excess capacity in the aerospace segment at about 66 percent. These figures have fostered great concern for the demise of the defense industrial base which has continued to grow as the end of the Cold War redefined a major segment of the American economy. The transfer of depot maintenance into the private sector would make a significant contribution to its preservation.

The significance of the above factors--savings, capability, opportunity, and the fragility of the defense industrial base--is taking hold within the DOD, Administration, and industry. Even in light of the powerful motivations and needs, however, the challenges of privatizing depot maintenance are formidable. Several of the specific obstacles to successful privatization of the depot workload will be addressed in the next section.



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Footnote1

Report of the National Performance Review, "Creating a Government That Works Better & Costs Less," September 7, 1993, Preface.

Footnote2

Excerpt from Vice President Gore's remarks to the press during submission of the NPR Recommendations to President Clinton, September 7, 1993, as recorded in the documents section of the [White House Internet Site](#).

Footnote3

"Since 1988, over 90 percent of the largest 500 companies in the U. S. have made at least one substantial commitment to outsourcing a major business function." FORBES White Paper, *Innovators in Outsourcing*, FORBES, October 1995.

Footnote4

Engbretson, Gary B.; President, Contract Services Association, "Testimony before the House Government Reform and Oversight Committee," April 5, 1995.

Footnote5

See OMB Policy Letter 92-1, Inherently Governmental Functions, September 23, 1992, for a discussion of this type activity. Examples of inherent functions include policy and budget decisions, waging war, revenue raising, etc.

Footnote6

Concklin, Bert M.; President, Professional Services Council; "Testimony before the Government Reform and Oversight Subcommittee of the House Government Reform and Oversight Committee," March 14, 1995.

Footnote7

Perry, Dr. William J.; Secretary of Defense; Letter to Honorable Strom Thurmond; Chairman, Committee on Armed Services: "Comments on the Report of the Commission on Roles and Missions of the Armed Forces," August 24, 1995.

Footnote8

Report of the Commission on Roles and Missions of the Armed Forces, May 24, 1995, Chapter 3, pg. 3-3.

Footnote9

DOD: "Report on the Performance of DOD Commercial Activities," January 30, 1995, pg. 5.

Footnote10

Based on the FY95 Total End-Strength, FY96 Clinton Administration DOD Budget, *Air Force Magazine*, May 1995, Table: *Armed Forces Manpower Trends*, pg. 37.

Footnote11

Report of the Commission on Roles and Missions of the Armed Forces, May 24, 1995, Chapter 3, pg. 3-3.

Footnote12

Perry, Dr. William J.; Secretary of Defense; Letter to Honorable Strom Thurmond; Chairman, Committee on Armed Services: "Comments on the Report of the Commission on Roles and Missions of the Armed Forces," August 24, 1995.

Footnote13

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Footnote14

White, Dr. John P.; Deputy Secretary of Defense; DOD News Briefing: "Update on The Report of the Commission on Roles and Missions," August 25, 1995.

Footnote15

Based on the FY96 Clinton Administration DOD Budget, *Air Force Magazine*, May 1995, Table: *Federal Budget Categories as Percentages of GDP*, pg. 46.

Footnote16

Perry, Dr. William J.; Secretary of Defense; Letter to Honorable Alan J. Dixon; Chairman, Defense Base Closure and Realignment Commission; "Transmittal DOD Base Closure and Realignment Report, dtd. March 1995"; February 28, 1995.

Footnote17

Center for Naval Analyses, "Issues Concerning Public and Private Provision of Depot Maintenance," CRM 94-65, April 1994.